



EUROPEAN NEWS

Paul Betts, Rome Correspondent, examines the electoral challenge to the Italian Communists in Naples, controlled by the party since 1975.

Disillusion brings headaches for the Left in Italy's problem city

A NEAPOLITAN Communist militant suggested at a recent oration meeting that all party members should stop sleeping with their wives to devote their entire energies to the last days of the Italian general election campaign. This is an eloquent and uncharacteristic reflection of the mounting headache in Naples, and the South in general, is proving for the Italian Communist Party (PCI).

These effectively make up about 70 per cent of the area's disjunct industrial tissue. They include financially and structurally troubled groups like the Alfassud car manufacturing plant and the Italsider Bagnoli steel works.

The Communist, lacking an overall majority but encouraged by the popular enthusiasm with which they were greeted in office, also underestimated the real strength of the Christian Democrats in Naples. The local Christian Democrats threw everything in to undermine and discredit the Communists by a policy of fierce opposition and, ironically enough, they undermined the PCI by luring them into a limited governing alliance at national level.

elections, when the minimum voting age was dropped from 21 to 18, young people turned out for the PCI in strength. But the alliance with the Christian Democrats at national level and chronic youth unemployment in the South has alienated many young voters.



A street scene in Naples: wheeling out the chestnuts for the Italian general elections.

An empty threat of withdrawal from Labour

WHETHER Mr. James Callaghan, the Labour leader, likes it or not, his party's manifesto for the European election contains a threat to take Britain out of the Community if certain fundamental reforms are not forthcoming.



Mr. Callaghan, Mr. Ron Hayward, the Labour party general secretary, and Mr. Anthony Wedgwood Benn (left to right), at yesterday's Labour Press conference in London.

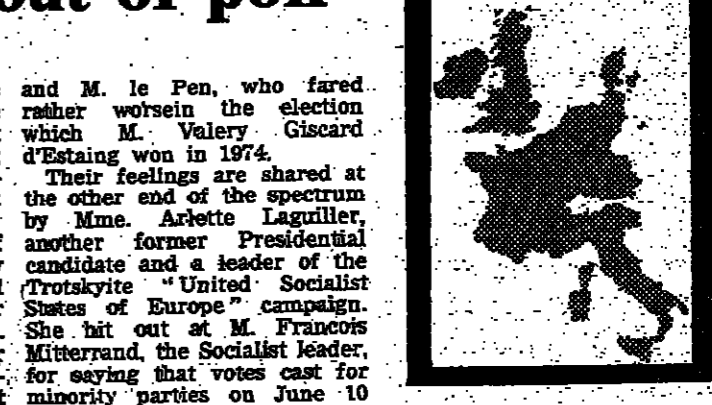
several inserted into the manifesto in its final stages of drafting last winter by anti-marketters, led by Mr. Anthony Wedgwood Benn, the former Energy Secretary. It was accepted by the party's executive, despite objections from Mr. Callaghan and other pro-marketters who lost out badly in the whole drafting process.

French 'Eurodroite' squeezed out of poll

BY DAVID WHITE IN PARIS THE WITHDRAWAL of the French extreme Right from the European election is the latest example of the dilemma facing small parties in what is basically, in France, a four-sided competition.

EURO ELECTIONS

and M. le Pen, who fared rather worse in the election which M. Valéry Giscard d'Estaing won in 1974. Their feelings are shared at the other end of the spectrum by Mme. Arlette Laguiller, another former Presidential candidate and a leader of the Trotskyite 'United Socialist States of Europe' campaign.



launched his own platform, too demanding on the EEC front for the taste of the UDF. The Radical-Socialist party's central office has decided to suspend M. Servan-Schreiber from the leadership and has reaffirmed its backing for Mme. Veil.

Strong feeling in Ulster, but for local issues

UNLIKE THE Republic of Ireland where all the parties, and a lot of the people, are officially in favour of the Common Market, Northern Ireland embraces its political personalities a whole spectrum of views on the EEC and some strong feelings about it.



Three politicians at the centre of Northern Ireland's Euro-poll (left to right) Mr. Paddy Devlin, the Rev. Ian Paisley, and Mrs. Bernadette McAliskey.

admission, is good at its talking. Should she be elected, the other 409 Euro-MPs are going to hear a great deal about H-block and provisional IRA prisoners who are waging a dirty protest inside the prison. They are also going to get quite often strident demands that Britain withdraw its troops from Ulster.

The farmers' ghost is exorcised

THE MARKET hall at Minchinhampton, in the dozy depths of Gloucestershire, echoed faintly on Tuesday night to the resonance of exploding myths. And there were delicate flutterings as Sir Henry Plumb, Conservative candidate for the Cotswolds Euroconstituency, exorcised the faded remnants of long-laid ghosts.

Flying votes at Schiphol airport

BY CHARLES BATCHELOR IN AMSTERDAM AIRLINE PASSENGERS passing through Amsterdam's Schiphol Airport on June 7 will be able to vote for the Dutch Euro-MP of their choice by means of an electronic voting machine in the departure hall. This will allow Dutch citizens, as well as British, Irish and Belgian passengers resident in Holland, to cast their votes even if their flight schedule prevents them from doing so.

The farmers' ghost is exorcised

his bread like the factory product. Soothingly, Sir Henry thought he had nothing to fear. Unconvinced, the baker turned on him. "In any case you're the wrong candidate because you're a farmer."

Handwritten signature or mark at the bottom of the page.

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EUROPEAN NEWS

Strauss plans to run for chancellor

BY ROGER BOYES IN BONN

HERR Franz-Josef Strauss, the leader of the Bavaria-based Christian Social Union (CSU), has finally made a bid to stand as the Opposition candidate for Chancellor against Herr Helmut Schmidt in next year's general elections.

Herr Strauss's long-nurtured political ambitions. He has been considered a strong candidate—indeed one of the few suitable contenders in the Opposition ranks—for over a decade. In the past, however, he has foundered because of a groundswell of opposition in the Christian Democratic Union (CDU), the CSU's sister party, to his often extreme right-wing views and combative personality.

At 64, Herr Strauss does not have time on his side, and this is probably his last opportunity to go for the Chancellorship. Herr Strauss, an excellent orator, with a caustic turn of phrase, is one of the few Opposition figures to pose a serious personal challenge to Chancellor Schmidt. But Herr Strauss commands little backing, even within the Opposition. He has often been accused of forcing the CDU into more extreme positions than it would normally have assumed.



Herr Franz-Josef Strauss

base, as head of the state government in Munich. Since then, Herr Strauss—who once said he would prefer to grow pineapples in Alaska than be Chancellor—has become even more scathing about Herr Kohl's abilities.

Portugal completing \$300m Euroloan

By Jimmy Burns in Lisbon

PORTUGAL is completing arrangements to raise a \$300m Euromarket credit from a group of international banks. It will be used primarily to help finance Portugal's current account balance of payments deficit, which by the end of 1979 is expected to reach between \$800 and \$900m according to the target currently set by the Portuguese government.

The loan, being provided by a group including U.S., West Germany, Swiss and British banks, is for ten years with a seven-year grace period. Interest is set at 8 per cent over the inter-bank rate for the first eight years and 1 per cent for the last two.

The credit is a reminder both of the improved liquidity of international banks and of Portugal's finances. It is the latter which has apparently attracted international bankers back to Lisbon in recent weeks, despite the continuing political uncertainty and the temporary interruption of the IMF negotiations because of the Government's budget deficit in March.

The comparative ease with which Portugal is raising the loan is in contrast to last year, when the government's access to \$500m worth of Euroloans was assured only after it had finalised the signing of its first "letter of intent" with the IMF.

Britain will seek to limit Lome Convention aid

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT IN BRUSSELS

THE FINAL round of negotiations between the EEC and 57 developing countries on renewal of the Lome Convention got under way in Brussels yesterday.

The talks come amid clear hints from Britain's new Conservative Government that it will seek to limit any increase in the aid it contributes under the agreement.

Mr. Douglas Hurd, a Foreign Office Minister of State, said one of the most difficult points in the talks was likely to be deciding the level of the new European Development Fund, the EEC's main source of financial assistance to the developing world.

His Government was committed to carrying out a review of all areas of public expenditure, and intended to make cuts. While these would not be confined to the aid budget, it could not be excluded.

The fund is one of the central elements of the Lome Convention. The first convention was signed in 1975 and expires next March.

Along with financial aid, it includes special trade concessions for the developing countries, and a scheme for compensating them for loss of earnings from raw materials exports.

Convention are pressing for a substantial increase in the value of the fund, set at 3.1bn Units of Account (about £2bn) over the life of the first convention.

The European Commission has proposed that from next year, the fund will be financed out of the Community Budget instead of separately as at present.

The Commission has also suggested that the second Lome Convention should include a number of new features, notably schemes for guaranteeing investments by European companies in developing countries, and for expanding Third World mineral production.

Dearer fuel forces W. Germans to cut food spending

BY OUR BONN STAFF

WEST GERMAN consumers had to cut back substantially on spending for food and luxury goods in the first quarter of this year, to cope with higher fuel and electricity costs.

This is one of the main conclusions of the latest report of the Deutsche Institut fuer Wirtschaftsforschung (DIW), which found that private consumption had stagnated and overall growth was well down on the first quarter of last year.

Disposable income had increased because of higher pensions, child benefits and

income tax concessions—but expenditure had also risen to meet rising costs of energy and public services.

This had led, the DIW found, to a shift in spending priorities, with the German consumer cutting back on recreation, sporting goods and food.

Overall growth had been hit in the first quarter by the hard winter—which hampered the building trade—and by labour troubles in the steel industry.

about 1.5 per cent down on the same period last year. The DIW was optimistic about the outlook for the rest of the year, though it was still uncertain whether the German economy would be able to compensate for the poor first quarter.

Despite increasing energy problems, growth should take off in the second quarter, the report estimated. Investment in the construction and service industries was expected to increase, with exports also up.

Herr Johannes Welbergen, retiring chairman of Shell

(Germany) also expressed qualified optimism yesterday. The West Germany oil supply situation was "unstable," he said, but the shortfall was not acute.

Consumers had about 3.5m tonnes less fuel at their disposal than was normal at this time of year, and so the shortfall would have to be made up through reduced consumption.

But "absolutely no cause for hysteria or panic" existed, he added. No one faced the prospect of empty tanks.

'Unity' formula sought in Rome

BY RUPERT CORNWELL IN ROME

ITALY'S CHRISTIAN Democrats intend to propose after the general election of June 3 and a new governing formula of national unity, to be supported by the Communists. But the party will flatly oppose direct entry by the PCI into the Government.

This was spelt out formally yesterday by Sig. Benigno Zaccagnini, secretary of the Christian Democrats, who claimed there was no contradiction between collaboration with

the Communists and a continuing veto on their presence in the cabinet.

It was perfectly reasonable, he insisted, for the Christian Democrats to seek PCI support in securing the long-needed streamlining of Italy's institutions and in the fight against terrorism. However the Marxist/Leninist line of the Communists made their presence in Government alongside the Christian Democrats impossible.

Sig. Zaccagnini said that

even a 1 or 2 per cent increase in CD support, and a similar decline for the Communists—widely expected to be the outcome of the vote—would amount to a signal from the electorate of a change in mood.

Asked whether his party would be ready to concede the Prime Ministership as the price for recreating a Centre-Left alliance with the Socialists, Sig. Zaccagnini declared that the largest party after June 4 would normally expect to provide the head of Government.

Norway pay freeze under strain

BY FAY GJESTER IN OSLO

THE PRICES and incomes freeze imposed for 15 months by Norway's Government last autumn, and until now accepted by all sectors of the economy, is threatened by the steep increase in world oil prices.

Farm and trade union leaders, as well as a major industrial group, have warned the authorities recently that they will have to be compensated, in part at least, for the effects of the rise.

Mr. Odvar Nordli, the Prime Minister, has admitted that the increase in oil prices might make it difficult for the Government to keep this year's cost of

living increase within its 4 per cent limit.

Mr. Leif Haraldseth, deputy chairman of the Norwegian TUC, says his organisation will ask the Government to take special measures to maintain purchasing power, if the 4 per cent limit is exceeded. He says union acceptance of the freeze was based on the Government's promise that price increases would be held within 4 per cent.

The jump in oil prices would boost state revenues from offshore petroleum, thus making it easy for the Government to finance compensatory measures.

Mr. Hans Haga, chairman of the Norwegian Farmers Union, says the oil price rise to date will put an extra Nkr 40m (£3.76m) on fuel costs to farmers and market gardeners this year. If farmers are not compensated, their disposable incomes will be hit harder than those of other groups.

Norcem, which makes building materials and has a monopoly of cement production in Norway is the country's second largest oil consumer, with an annual consumption of 240,000 tons. It has asked the authorities to allow an increase in the price of cement, to offset the dearer oil.

Madrid Socialist resigns

BY DAVID GARDNER IN MADRID

SR. LUIS GOMEZ-LLORENTE, a leading Marxist inside the Socialist party, has resigned as deputy Speaker of the Spanish congress or lower house of Parliament. This follows the resignation last Sunday of Sr. Felipe Gonzalez, the party's secretary-general.

Sr. Gomez Llorente has said that in view of the vacuum

Irish growth 'below target'

BY OUR DUBLIN CORRESPONDENT

THE IRISH central bank is predicting a growth rate of about 4 per cent this year, the lowest figure for three years and considerably below government targets.

The bank warns in its quarterly economic review, however, that these estimates—prepared before Wednesday's rejection of a national under-

standing on pay and taxation—may have to be revised.

The bank also expects inflation to be about 11 per cent in 1979, compared with 7.6 per cent in 1978, and mentions the Government's decision to remove several food subsidies as contributing to the increase.



Durham House, University of Durham. Architects: Architects' Co-Partnership.

Who built a modern university to rub shoulders with a Norman Cathedral?

An architect must tread carefully designing buildings to live in the shadow of a cathedral which has dominated the scene for 800 years. If the new University buildings at Durham had aped the Norman Cathedral, the result would have been a denial of function. If, on the other hand, they had been designed without thought for their glorious neighbour, the price would have been the degradation, by association, of a landmark of our building heritage.

The greater part of the new buildings at Durham University have been built by John Laing. They include departmental accommodation for Departments in the Faculties of Arts and Social Sciences, the Engineering Science building, three colleges and Dunelm House. Several architectural partnerships have been involved. The result is a successful fusion of the old and the new which does not compromise the needs and techniques of today for the sake of compatibility.

Educational building is not a Laing 'speciality'. This advertisement could have featured Laing's unique experience of building today's cathedrals (Coventry, and the new Catholic Cathedral of Clifton, Bristol). Or docks in the Middle East. Or oil platforms for the middle of the ocean. More than 20,000 people make Laing one of the biggest construction companies in the world. However, size alone is no virtue. At Laing our strength

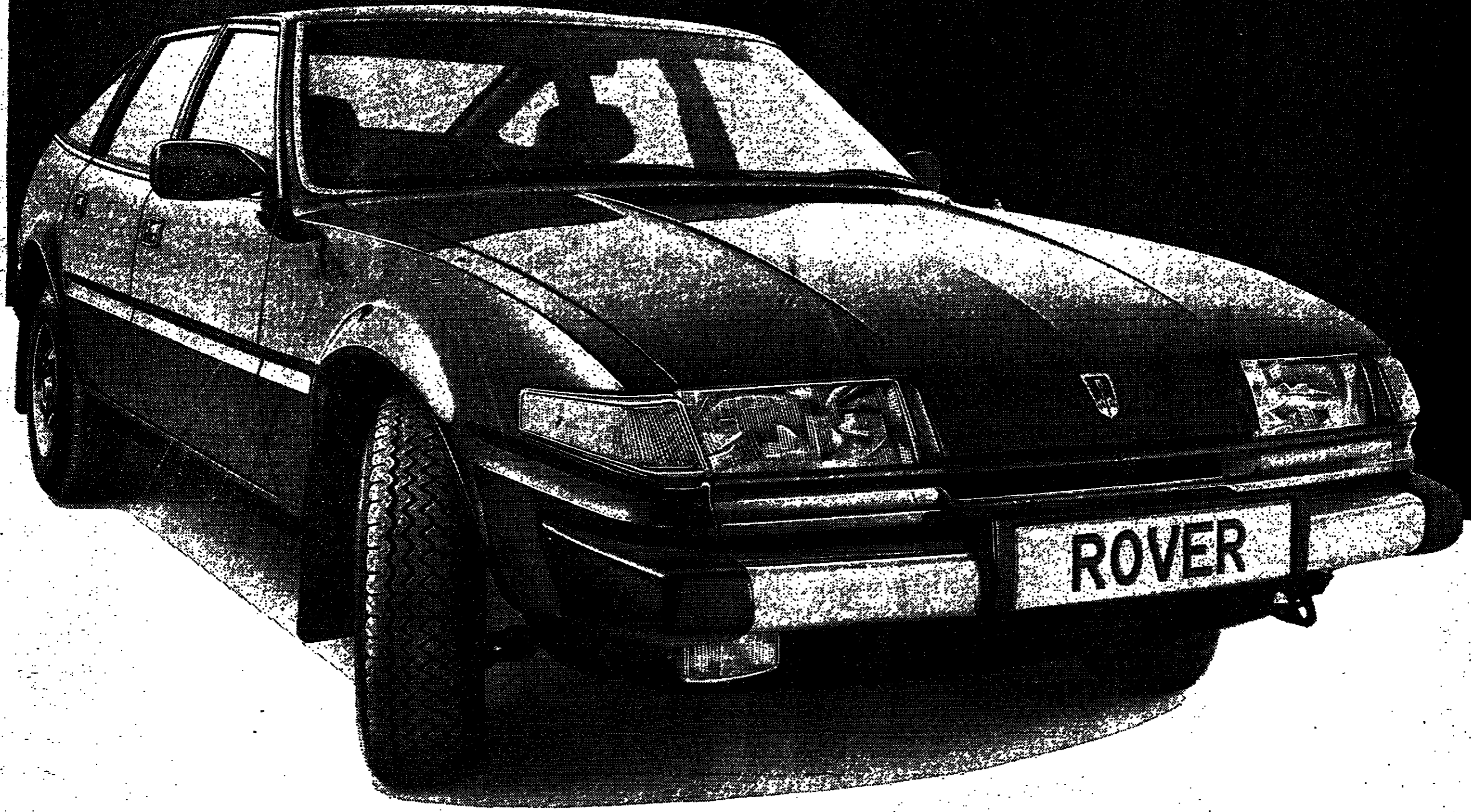
lies not in our numbers, but in our expertise, and our understanding of how man can improve and not deteriorate his environment by construction. We say we make ideas take shape. Perhaps we should qualify it, and say better ideas.

LAING make ideas take shape



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# What do you have to do these days to get your hands on a new Rover?



## Just pick up the phone.

The Rover range is the most praised and sought after in Britain. ('What Car?' has just named a Rover "Director's Car of the Year"). Until now that's meant you've had to wait a while to try one, let alone buy one.

At last we've managed to catch up with demand so your Rover dealer now has the full Rover range available in his showroom—the 2300, 2600 and 3500.

While he's got them, he'd like to show them off to you and take you for a test drive. Because the finish and quality of the new Rover has to be experienced to be appreciated.



He's also got some very tempting financial propositions to make it easier for you or your business to buy or lease Britain's most wanted car.

All you have to do is call, and with the speed Rovers leave showrooms, the sooner the better.

You'll find your dealer's number in the Yellow Pages or you can make a reverse charge call to the Rover Sales Service on 01-903 6455, open 24 hours a day.\*

They'll put your dealer in touch with you. After all, it's the least we can do, having kept you waiting so long.

Rover Sales Service. Tel: 01-903 6455.

### A phone call can make all the difference.

 **Rover**  
2300/2600/3500

 **Jaguar Rover Triumph Ltd**

\*Reverse charge calls accepted from inside UK only until June 10th.



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# You can't stop time by smashing clocks.

Between the years 1811 and 1816, a band of textile workers had just the answer to the threat of technology.

They literally threw spanners into the works.

And smashed up the new machinery which they blamed for their unemployment and distress.

If this attitude had prevailed, weaving would still be a cottage industry.

Ploughs would never have exceeded 4 horse-power.

The steam engine would have lost out to the cart driver.

And Britain would never have become the economic power that it did in the late nineteenth century.

Yet the action of the Luddites carries a very instructive lesson: it's not progress itself which is the threat, but the way we adapt to it.

For without technology, a nation's progress would undoubtedly falter.

Machines bring down the cost of production.

Which in turn either creates greater profit for reinvestment, or holds down the costs of the product,

so providing greater purchasing power for the pound.

The result is greater wealth—the ideal climate for increased employment.

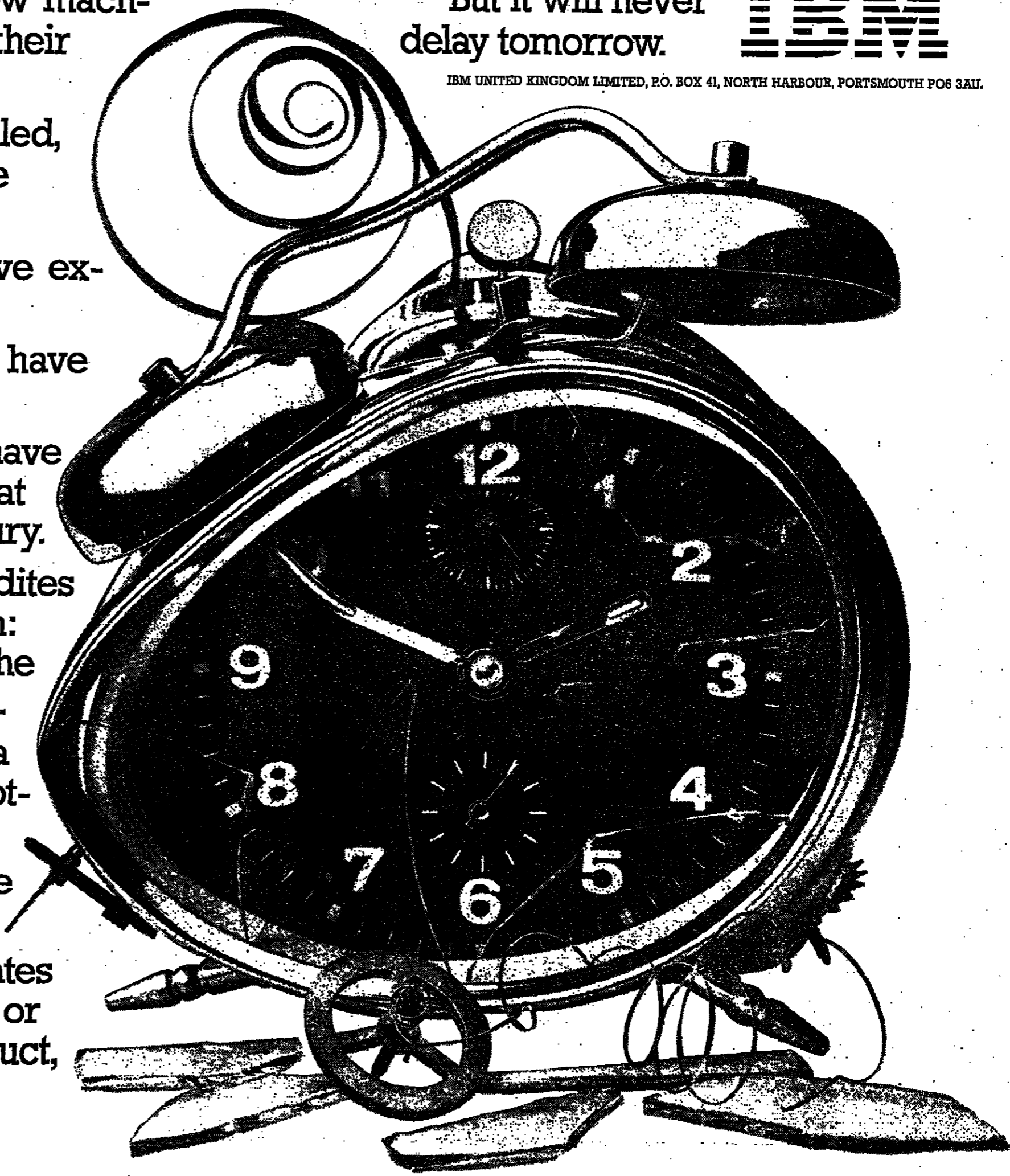
And machines that relieve man of the tasks that limit his personal fulfilment.

Smashing the clocks might destroy the mechanism of progress.

But it will never delay tomorrow.



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UK NEWS

Sony accepted by TV body

BY JOHN LLOYD

SONY (UK), the British subsidiary of the Japanese electronics company, has been accepted for membership of the British Radio Equipment Manufacturers' Association...

A third Japanese company, Toshiba, which last year linked itself to a joint production venture with Rank, also intends to apply for membership of BREMA. It is thought likely to gain acceptance once production of the Rank/Toshiba sets begins in Plymouth.

The fourth Japanese company with manufacturing interests here, Hitachi, which formed a joint venture with the General Electric Company (GEC) last year, has not applied for membership, because it believes its interests are already served through GEC's membership of the association.

Sony has traditionally taken the lead in integrating itself as far as possible into the industrial infrastructure of the country. Last year, it was accepted for membership of the CBI.

The intention by most of the Japanese television companies to follow Sony's suit is an indication that they, too, are anxious for the British subsidiaries to be regarded as primarily UK companies.

BREMA already has a number of foreign-based multinational companies' subsidiaries on its books, including those of ICI, Philips and Grundig. In the past, however, its members have been critical of Japanese marketing techniques, and the association was active in the successful campaign to stop Hitachi setting up its own manufacturing plant in the North of England in 1977.

Rubbish tip owners lose right to use road

A TWO-YEAR legal battle over a council's right to control access to Britain's biggest rubbish tip ended in defeat for the tip's owners in the House of Lords yesterday.

Land Reclamation Company, owners of the 1,000-acre site at Pitsea, Essex, was refused leave to appeal to the Lords in a bid to establish a continuing right to use the only road leading to the site.

Last February, three Appeal Court judges decided that an agreement made in 1970 by which Basildon District Council allowed the company to use the site for seven years at an annual rent of £1,000 did not entitle the company to renew its right to use the road.

Stockbrokers expect retail price inflation to rise above 13%

BY DAVID FREUD

A SHARP RISE in the rate of retail price inflation in the second half of this year is predicted by City stockbrokers Capel-Cure Myers.

- A higher than expected level of earnings increase; ● The sharp rises in the wholesale index of input prices and the Price Commission's price index; ● The current rise in oil prices and the likelihood of further rises; ● The rising trend of price inflation throughout the world, strongly influenced by the price of oil.

On this view the Budget will reinforce the coming downswing and lead to lower interest rates and a general easing of monetary pressures.

WHO report asks governments to ban all tobacco promotion

BY JAMES McDONALD

A REPORT on smoking, "Controlling the Smoking Epidemic," published today by the World Health Organisation, appeals for an intergovernmental ban on all forms of tobacco promotion and advertising.

Releasing the report in London yesterday, Dr. Keith Ball, chairman of Action on Smoking and Health (ASH), said it would help the medical profession to combat what was described as the smoking epidemic in Britain.

Another spokesman for ASH said that the international tobacco industry spent about £2bn annually on advertising and promotion, and the UK was the world's third largest exporter of cigarettes—a responsibility the British Government must face.

What do wine drinkers look for?



Shippers they can trust. How can a label help you choose a good wine? It can tell you the type of wine, but not whether it is from the right source. The Appellation and the Vintage, but not the care taken in its fermentation and its maturation. The producer, but not how it is blended and bottled.

Bouchard Aîné 85 Ebury Street, London SW1. Tel: 01-235 3661.

The war that never ends. We British are a peaceful people. When a war is over we like to consign it to the history books—and forget it.

The Army Benevolent Fund for soldiers, ex-soldiers and their families in distress. Dept. FT, Duke of York's HQ, London SW3 4SP

TSB plan to sell household insurance

BY ERIC SHORT

THE Trustee Savings Bank through its subsidiary TSB Trust Company is to market household insurance policies through its 1,500 branches from June 1.

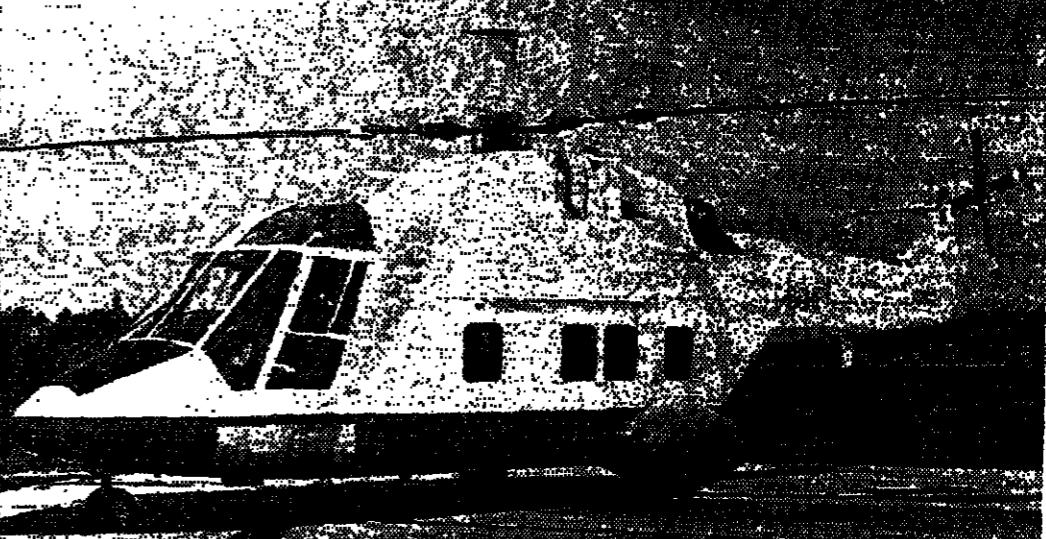
The move represents a further step by the TSB in developing a comprehensive range of financial services. It provides unit trust investment and life assurance savings and protection.

The TSB's insurance scheme has been designed to provide insurance cover for buildings and contents. It provides for complete replacement as new for buildings and contents, the policyholder pays the first £25 of a claim.

The plan is underwritten by the Provincial Insurance Company, a leading household insurer in the UK.

New Westland helicopter

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT



The new Westland WG-30 general transport helicopter which will be shown publicly for the first time at next month's Paris Air Show.

WESTLAND HELICOPTERS, of Yeovil, has spent £10m of its own cash in developing a new transport helicopter, the WG-30, which is already flying and is to be demonstrated publicly for the first time at the Paris Air Show next month.

It is powered by two Rolls-Royce Gem turbine engines, and will sell at about £1.25m.

Full production has yet to be authorised by the Westland Board. This decision will be taken in the light of consumer interest shown during the Paris Air Show at Le Bourget from June 8 to 17.

Designed initially for the military market overseas, the WG-30 is to be offered to prospective civil buyers too, such as business and executive users, and oil companies involved in off-shore activities.

Westland believes that the military sales alone could run up to 500 aircraft through the 1980s; the civil market could be even bigger.

Westland has made extensive use of its Lynx components and experience, its sub-contracted suppliers also have developed parts for the WG-30 with their own investment in the WG-30 is probably between £18m and £15m.

Passengers urged to 'by-pass peak periods' at airports

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PASSENGERS USING airports in the UK this summer are asked to "by-pass the peak periods" by the British Airports Authority.

Although I am principally concerned with Heathrow, says Mr. Michael King, airport director, "some of the points may be of help at other busy airports. The secret is for passengers to plan their journeys through Heathrow before leaving their homes and offices."

The authority says that more than 16m passengers will pass through Heathrow in the six months from May to October. "We in British Airports have prepared for the summer by stopping all building work which affects passenger flows," says Mr. King, "deploying more staff in terminals and by increasing management cover during peak hours."

ENERGY REVIEW: MEXICAN NATURAL GAS

Good auguries for a deal with the U.S.

BY WILLIAM CHISLETT IN MEXICO CITY

AFTER 17 months of bitter recriminations the U.S. and oil-rich Mexico now seem to be making progress towards drafting an agreement on selling natural gas to the U.S.

Future oil production levels will have to take account whether there will be exports if excessive flaring is to be avoided. Most of Mexico's gas is obtained with the oil. Indeed gas exports are now regarded as an important factor in determining what might be future oil production.



The U.S. is certainly looking for long-term gas suppliers because of its energy crisis. It wants to be less dependent upon Middle East oil. Mexico, not a member of OPEC, has more than it needs and with so many social problems on its hands could do with extra revenue.

Last year Pemex's natural gas production averaged 2.5bn cubic feet a day of which 1.8bn cubic feet were consumed in Mexico. This year production is projected at 3.3bn cubic feet and flaring will be less because new compressors and other equipment have recently come on stream. But after 1980 when oil production will reach 2.2m b/d flaring could increase.

try—the President inaugurated the 774-mile 48-inch diameter pipeline from Cactus in the southern oil fields to San Fernando near Monterrey, the northern industrial centre. The pipeline was originally planned to carry the gas exports of 2bn cubic feet a day to the U.S. After the breakdown in talks in 1977 the Government bullishly declared that the pipeline would still go ahead, but that the gas would be used internally and that the final leg from San Fernando to the U.S. border would not be built.

Nevertheless it is also clear from the National Industrial Development Plan that the Government is planning greatly to increase domestic use of gas. The plan estimates that between now and 1985 Pemex will spend 260a pesos (\$1.1bn) on compressors, one of the largest items in its shopping list for the

export gas would act as a brake on oil production. Whether it would in the long term, as report by the U.S. Senate Committee on Energy and Natural Resources suggests, depends upon a number of variables. These include growth in domestic demand, the amount of income which the Government feels it can handle without running the inflationary risks of other oil-producing countries and the results of reservoir studies to determine the suitability of natural gas for reinjection into oil reservoirs.

The Government is acutely aware of the risks it would run if it is flooded with petrodollars and it therefore plans to limit oil production to meet basic revenue needs.

But fundamental problems remain—notably about the price—but it is hoped that a framework agreement at Government level would avoid a repeat of the past tit-for-tat. Mexico is very rich in natural gas as well as oil. Its proven hydrocarbon reserves of 40bn barrels are the sixth largest in the world. British proved reserves are 18bn and Saudi Arabia's 167bn. Officially proven gas reserves—mainly associated natural gas which comes out with the oil, but also dry non-associated—are 58 trillion cubic feet.

Pemex claims that it is only flaring 180m cubic feet a day at the moment and that by setting industry to use gas instead of oil it can use all its gas between now and 1982, the end of Sr. Lopez Portillo's term of office.

Bluff

Only if there was a surplus would any gas be exported. As most observers suspected there was a strong element of bluff in this policy turnaround and it is now perfectly clear that there is sufficient a surplus to warrant the beginning of exports to the U.S.

Mr. James Schlesinger, the U.S. Energy Secretary, over-ruled the \$2.60 price because it was 44 cents higher than Canadian gas and was more than what would have been allowed to the U.S. gas industry. A maximum inter-state price of \$1.70 was then being asked.

Since then the U.S. Congress has approved the gradual deregulation of the price of gas and Pemex believes that by the end of this year the price of U.S. gas could be more than that of Mexican gas, assuming a \$2.60 price.

The Mexican Government cannot sell at less than \$2.60 because this would be unacceptable to its political critics. Some of them, like Sr. Herbertho Castillo, the vociferous spokesman for the "anti-energy selling lobby" and leader of the Mexican Workers Party, argue that if gas exports go ahead, then the gas pipeline to the U.S. will become Mexico's "Panama Canal" in the eyes of the U.S.





1979 Mercedes-Benz

Let us make it quite clear right from the start that the new T series is not an ordinary range of estate cars. They are Mercedes-Benz.

These are the first estates in the world that incorporate Mercedes-Benz's concept of design and engineering.

Take, for example, how we combine passive safety, such as the crumple zones and non-spintering materials, with our active safety.

The former will provide the very best protection in the event of an accident but the latter will give you all possible help to avoid such a situation in the first place.

In common with all of our models, the estate's road holding and manoeuvrability make the car's handling very precise and extremely sure-footed.

In fact, their suspension system is so sophisticated that on an occasion compensate for slight mis-allocation on the part of the driver.

You will discover that the car will be equipped with the same zero offset steering geometry as our sports cars.

The result is a steering of more accuracy than you've ever experienced. It's the best of both worlds. It's the Mercedes-Benz way.

The steering is integrated with the suspension system. As a result, the car becomes less sensitive because you are not oversteering or understeering.

All of these attributes will give you a sense of control and confidence that you can't get from any other car.

Now we come to the part that makes the difference between the Mercedes-Benz estate and the other estate cars. It's the 2400 cc diesel engine.

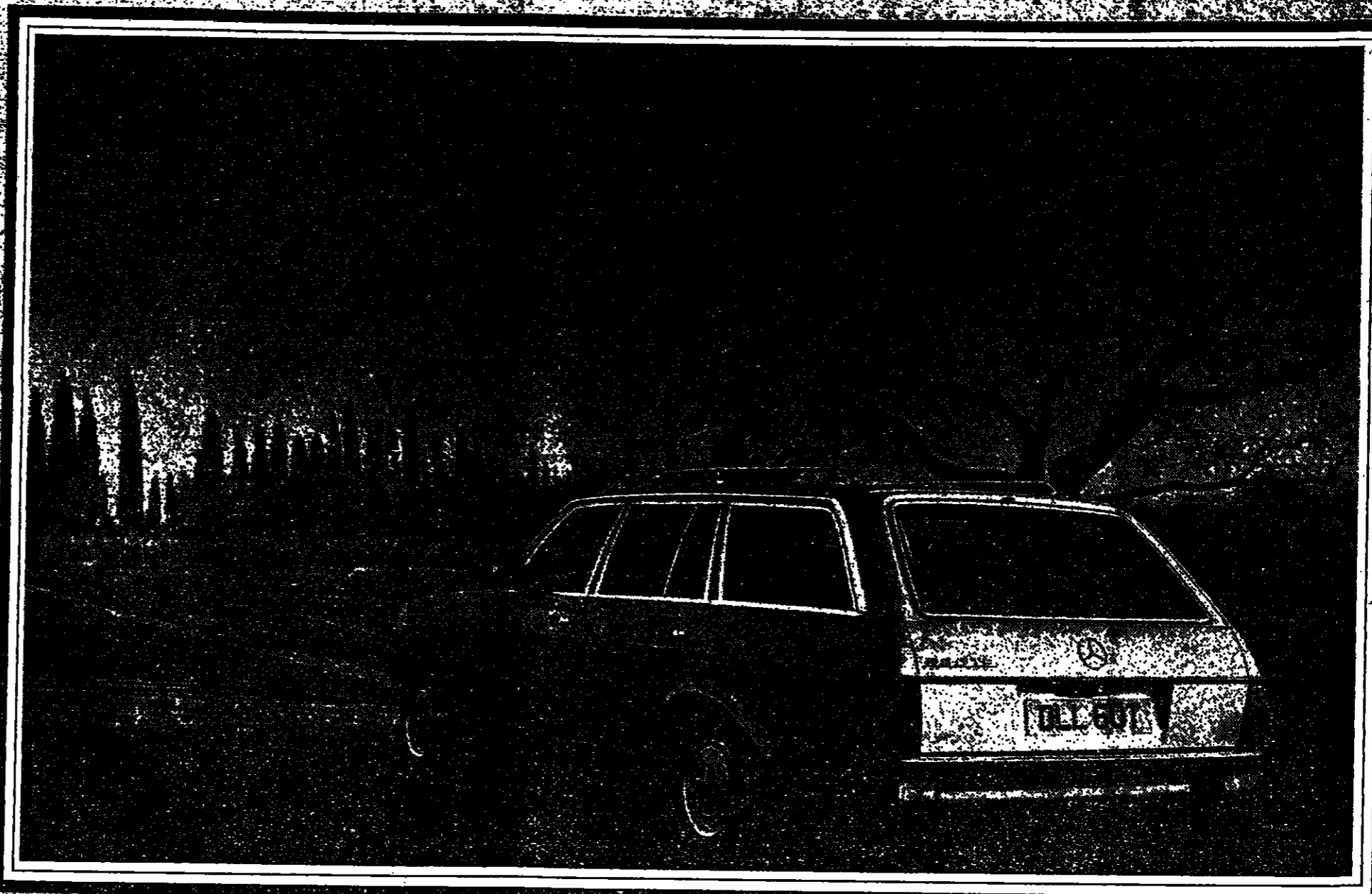
It's a 2400 cc diesel engine with a maximum output of 100 bhp. It's the Mercedes-Benz way.

The engine is controlled by a computer system which constantly monitors the engine's performance and adjusts the fuel injection accordingly.

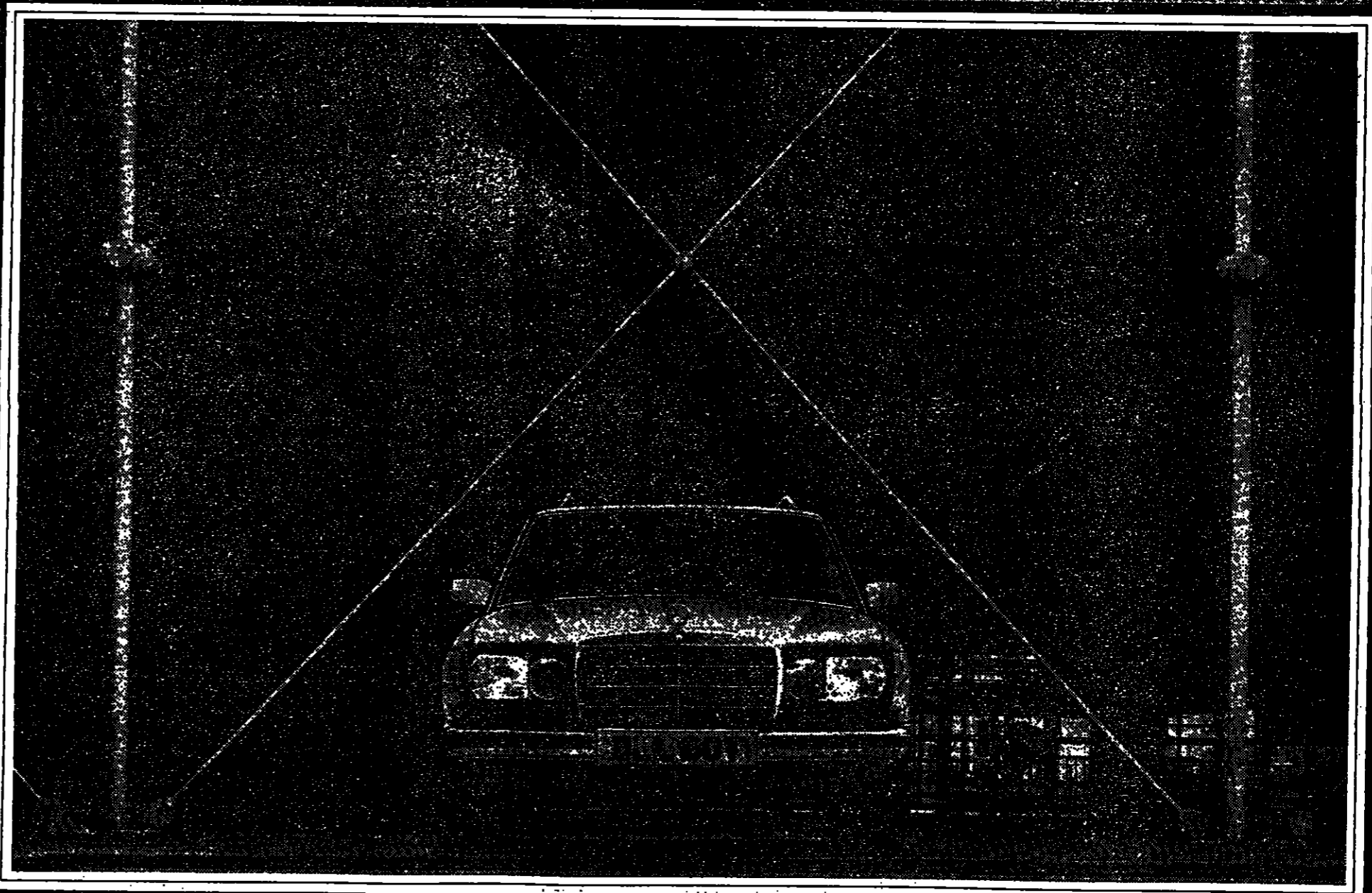
And the information is instantly passed to the leveling device which is then controlled by oil pressure.

This operates during the time that the engine is running, ensuring full spring travel not only on good roads but also over poor surfaces and across rough terrain.

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الوقت 15/5/79

# FINANCIAL TIMES SURVEY

Friday May 25 1979

## Jordan

### A need to make choices

By Anthony McDermott

THE HASHEMITE Kingdom of Jordan, like every country and political grouping in the Middle East, has been profoundly affected by the movement towards and conclusion of the peace treaty between Egypt and Israel.

Like others, it has had to re-examine basic attitudes towards the Arab-Israeli conflict. In the end it has had to make some uncomfortable choices, while attempting simultaneously to trim its policies in such a way as not to close all options.

Because of its fundamental political and economic vulnerability, Jordan is less able than any—bar the Palestine Liberation Organisation (PLO)—to afford the luxury of a long-term strategy. Its survival has depended on the skilful use of short-term tactics. So when the Camp David agreement was announced last September, Jordan expressed opposition but sat tight to see what others would do.

After the conclusion of the Washington Treaty in March, it moved with the majority towards isolating Egypt. But all the while it had accelerated its rapprochement with the PLO, kept in contact with its neighbours, Syria, Iraq and Saudi Arabia, and started some modest initiatives aimed at drawing the world's attention to the effects of Israel's occupation of the West Bank and Gaza Strip. These developments indicate

that Jordan, on the whole, is able only to react and not take major initiatives in the area. There is even talk of Jordan facing its most difficult crisis since the isolation and internal upheavals of 1958, and the clash with the Palestinians in 1970-71.

But King Hussein is now in his 37th year on the throne and in judging the external and internal dimensions of current events the vital difference is that, unlike those previous two major crises, Jordan is with the mainstream and majority of the Arab countries in opposing the Washington Treaty.

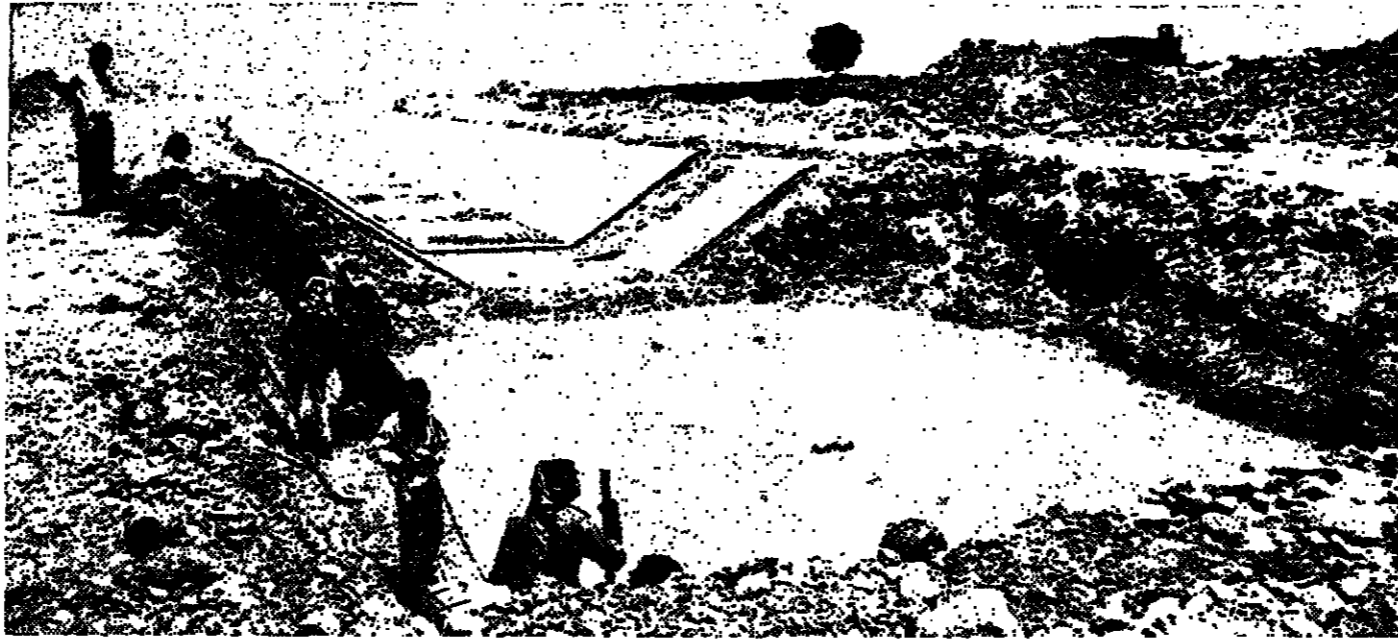
However, in the long term, the problems of external dimension have their links internally, in particular with the Palestinians who make up more than two-thirds of Jordan's population. This carries with it the potential for internal unrest, but so far its symptoms are far from evident.

### Nadir

The fundamental effect of Jordan's reaction to the Treaty has been to detach it from two of its most natural allies: the U.S. and Egypt. In the former case, there seems to have been an extraordinary lack of understanding on Washington's part as to what realistically could be expected from Jordan. The nadir was the visit in March of Dr. Zbigniew Brzezinski, President Carter's National Security Adviser. He flew in for only a few hours with, characteristically, global strategy on his mind.

By contrast, Jordan, aware of U.S. pressure to join the Egypt-Israel negotiations, wanted to know quite simply: what did the treaty imply for the future of the West Bank? There was no meeting of minds, and Jordanian officials tend currently to be in the sort of mood where almost any U.S. move is examined for its sinister motives. Concern about the U.S. has been heightened too by the

By joining the majority of Arab countries which oppose the Egypt-Israel peace treaty, Jordan finds itself drawn into the uneasy position of being more militant than in the past. Jordan now has to tread a careful path which works towards a solution for the occupied West Bank while maintaining the stability that will enable the country's economic plans to be carried out.



Jordan's development hinges on its politics: extending a main irrigation canal at the southern end of the Amman Valley.

overthrow of the Shah of Iran. On a personal level, King Hussein was shaken by the Shah's removal and as late as last November visited Iran to offer advice. But Iran's over-rapid economic development and its socially disruptive effects were totally different from circumstances in Jordan.

In addition, the fact that the U.S. proved to be incapable of helping its close ally, the Shah, when in trouble, served only to

strengthen for Jordan a lesson learned long ago: that in times of stress it has only itself to depend on.

Relations between Jordan and Egypt hitherto had been comfortable, in spite of the mutual antipathy between the two heads of state. But Jordan resented—as it did with the U.S.—President Sadat's apparent offhandedness in the way in which he entered negotiations with Israel about territory seized

from Jordan. In addition, with Egypt out of the military conflict, Jordan, like Syria, felt more exposed to Israel.

Several efforts were made to get Jordan to join the talks but, in Amman's eyes, the Camp David framework agreements and subsequent negotiations offered no firm commitment to Israel's full withdrawal. This would go some way to explaining why Jordan was the first member of the Arab League

to break relations with Egypt, at the end of March.

The question of negotiations over the West Bank and Gaza Strip is further complicated by the resolutions at the October 1974 Arab summit in Rabat which made the PLO "the sole legitimate representative of the Palestinian people" with the right to establish "an independent national authority" over all liberated territory. This has been reaffirmed most recently

at the two Baghdad summits last November and March, and at the Islamic Foreign Ministers' meeting in Fez, earlier this month.

Jordan's presence at the two Baghdad conferences aimed at isolating Egypt politically and economically was not without its material advantages. At the November meeting it was voted aid worth \$1.25bn for this year which will have the effect of easing the problems of financing arms purchases as well as making budgetary planning more stable. Jordan welcomed the summits and their resolutions for their display of Arab unity, which mean some way towards restoring Arab co-operation shattered by Egypt's new relationship with Israel.

But while its neighbour Syria saw these developments as the starting point for the overthrow of President Sadat, Jordan's view was more restrained. Apprehensive about what might happen if Mr. Sadat fell, it hoped that the isolation measures would persuade the Egyptian President that Jordan should be offered something more alluring than vague and controversial terms for "self-autonomy" in the occupied territories.

As a result, by siding with those states rejecting the Egypt-Israel treaty, Jordan finds itself drawn from its traditionally moderate position to the uneasy one of being more militant than in the past.

One effect has been to speed up moves towards better relations with the PLO. King Hussein met Mr. Yasser Arafat, the PLO chief, for the first time on Jordanian soil since 1970 at Mafraq al-hase in the north-east of the country last September, and again in March, and at the two Baghdad summits.

### Fund

Joint committees have been set up—not least to administer together a fund of \$150m for projects in the occupied territories. The PLO has now appointed a senior representative

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BASIC STATISTICS	
Area	36,617 sq. m. 94,889 sq. km.
Population (1976)	2,782,000
GNP	JD 542.5m in 1976 JD 623.5m in 1977
Per capita GNP	JD 220
Exports (1977)	JD 82.06m
Imports (1977)	JD 454.42m
Exports to UK (1978)	\$6,153,900
Imports from UK (1978)	\$67,450,000
£=JD 0.610 (May 14, 1979)	

tive in Amman—Brig. Abdel-Razzaq Yahya, a former commander of the Palestine Liberation Army. But so far the get-together has been based mainly on expediency, not least for the PLO, which is apprehensive about developments in Lebanon, and the possibility of union between Syria and Iraq.

So although Jordan has produced its most forthright commitment so far to the principle of Palestinian self-determination in a state of their own on what was once Jordanian territory, meetings between Jordanian and PLO delegations have yet to produce far-reaching decisions. Jordan still stands by the decisions of the Rabat summit conference, which provides by default a useful opportunity for concentrating development efforts on the East Bank.

This is not to suggest that the West Bank is being neglected. In February, the Royal Scientific Society put out a study, drawing attention to the way in which, under Israeli occupation, land on the West Bank and Gaza Strip is being annexed; how the Israeli use of West Bank water, electricity, labour and capital resources was binding those territories with deliberation ever closer to Israel.

In March, Jordan initiated a debate at the UN, as a result of which the Security Council voted for the establishment of

CONTINUED ON PAGE 11



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JORDAN II

# Economy depends on outside forces

THE EVIDENCE that Jordan's economy is developing swiftly but with a fair measure of control is apparent from one end of the country to the other.

On the consumer side, Amman, the capital, although beginning to sprawl into productive agricultural land, is evidently prosperous. Even if services are lacking in some areas, not even the lower-income, high-density areas of Jebel Akhdar or Jebel Nazzal come close to being slums.

On the development side, major industrial projects are either in action or approaching completion. The area around Aqaba in the south—Jordan's only port—gives the impression of being in the throes of a boom as a result of its exceptional combination of port facilities, industry, and spectacular possibilities for tourism.

But there remains always a darker side to this optimistic picture. Jordan is as vulnerable as ever to external events. Indeed, it can be argued that the more the economy develops, the more is at stake to lose in the event of political tensions in the Middle East.

Although Jordan is exerting itself to exploit its comparatively limited natural resources, it remains highly dependent on outside influences, which broadly take two forms.

The first is political, and more often than not deleterious. Jordan lost the fertile West Bank to Israel in the 1967 war and has been swamped by an influx of Palestinian refugees. The economy was devastated during the confrontation with the Palestinians in 1970-71. Most recently, it has been reacting with some apprehension, felt also in the financial sector, to the tensions in the Arab world, which have followed the conclusion of the Egypt-Israel peace treaty.

The second is economic. Jordan's economy is highly dependent on an inflow of funds from abroad. These take several forms, but mainly comprise budgetary aid, concessional loans, remittances from workers and increasingly income from tourism. The conclusion must be, not that Jordan—unlike Israel—is living beyond its means, but that for many years it will be developing an economy highly dependent on outside help.

The high level of dependence on grants from outside has meant that budgetary planning, because of the uncertainty of receiving grants, especially from Arab countries, was a somewhat notional annual exercise.

Budget support from the Arabs in 1977 totalled JD 104.27 (\$334m), of which Saudi Arabia provided JD 56.33m (\$96m), while in 1978 it amounted to JD 66.3m (\$212m), of which Kuwait provided JD 30m (\$96m). U.S. aid of the same category in those two years amounted to JD 14.2m (\$45m) and JD 19.2m (\$61m). It is expected to provide only \$30m this year.

But the potential turning point occurred at the Arab summit in Baghdad last November when, in reaction against Egypt's moves towards a treaty with Israel, it was decided to set up a \$3.5bn fund for the confrontation states, the Palestine Liberation Organisation (PLO), and the West Bank and Gaza Strip.

Jordan's share this year was to be \$1.25bn, provided by Saudi Arabia, Kuwait, Libya, Iraq, the United Arab Emirates (UAE), Algeria and Qatar, in three four-monthly tranches. Considerable secrecy surrounds the details of the amounts provided by each country, but Iraq is known to have paid two tranches out of a total of \$180m pledged to Jordan. The UAE and Qatar have also paid up.

Inevitably, there has been speculation that not all countries will fulfil their promise. It is also pointed out that some donors will be unable to make their initial payments until their own fiscal years have begun.

Whether this happens in practice remains to be seen but the crucial point is that these funds, larger than any promised before, apart from being badly needed for the budget, provide an unprecedented measure of predictability for short-term economic planning.

In 1977 and 1978—overall and including budgetary aid—Jordan received, according to the Central Bank's statistics, JD 168.4m (\$540m), and JD 149.1m (\$477m). The U.S. has been a major supplier: JD 23.09m (\$74m) in 1977, and JD 25.02m (\$88m) in 1978.

The U.S. fiscal year begins on October 1 and, for 1979-80, allocations are \$93m (made up of \$30m budgetary support, \$58m in long-term loans for capital projects and \$5m technical assistance), \$6.2m in PL 480 funds (which mostly pay for wheat imports from the U.S.), and \$50m for the Maqarin Dam.

In 1980-81, aid allocations are to total \$60m (made up of \$20m for the budget, \$32.7m for capital projects and \$7.3m in technical assistance). A total of \$150m has been pledged for the Maqarin Dam in yearly current population growth con-

	1974	1975	1976	1977
Visible trade	-105.9	-184.1	-270.6	-371.1
Services	+ 22.1	+ 65.8	+170.3	+210.3
Transfers	+ 86.7	+139.3	+126.6	+165.8
Current balance	+ 2.9	+ 21.5	+ 27.4	+ 5.0
Current—Private	+ 1.0	+ 6.2	+ 3.4	+ 3.8
—Official	+ 9.9	+ 37.8	+ 27.8	+ 46.4
Errors and omissions	- 7.1	- 14.8	+ 1.5	+ 10.7
Basic balance	+ 6.7	+ 50.7	+ 2.3	+ 65.9
International reserves (\$m)	348.3	486.2	491.3	677.9

Sources: Central Bank of Jordan Monthly Statistical Bulletin, Vol. 14, No. 8 and International Financial Statistics.

Trade	-JD 353m (\$1.1bn)
Services	-JD 189.5m (\$578m)
Remittances	+JD 160m (\$512m)
Total foreign aid	+JD 182m (\$582m)
Tourism and transport	+JD 53m (\$170m)

Source: Central Bank of Jordan.

Baghdad payments. It is expected that this year's balance will show a similar surplus. This is attributed to the fact that the trade deficit could well rise to JD435m (\$1.3bn)—with exports up JD20m (\$64m) to JD115m (\$368m), and imports up by JD110m (\$352m) to JD260m (\$815m).

This reflects primarily the need for Jordan to pay more for its oil. Essential industrial and consumer imports from the West are bound to cost more, and capital development expenditure will be high as the 1976-1980 plan passes through its peak implementation period.

The Baghdad money has had in the short term the greatest impact on the budget for 1979. Total expenditure is to rise from JD363.1m (\$1.1bn) in 1978 to JD513.4m (\$1.6bn)—by 41.4 per cent, almost entirely due to the aid money. But much is made of the fact that domestic revenues had risen by 13 per cent to JD178.5m (\$569m) to form 34.4 per cent of revenue and that they are covering an increasing proportion of current expenditure.

However, the actual percentage as an overall contribution (including development spending) shows domestic revenues as declining in their contribution from 60 per cent in 1976 to 38 per cent this year.

Development expenditure in 1979 rose by two-thirds to JD112.2m (\$360m) but, as usual, defence, including general security and civil defence, took a total of JD132.7m (\$425m) or 25.8 per cent of the budget.

In fact, the main part of the Baghdad money has been allocated either to defence expenditure or to meet the 20 per cent increase in wages for the civil service and armed forces, backdated from the beginning of the year.

Inflation continues to be an overriding factor of concern, especially as liquidity continues to rise sharply in the local market. In 1978, the rate of inflation was officially put at 7 per cent, but many local economists put the more realistic figure at closer to 10 per cent because of the way weighting factors have been selected in compiling official statistics.

Anthony McDermott

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However, it is accepted that the total inflow through unofficial channels (suitcases and money-changers) may be half as high again, bringing the total to the region of \$750m annually.

The bulk of this inflow has been going into the construction and property sectors, although there is increasing evidence that the government has been succeeding in its drive to channel this money into more productive sectors.

Tourism is the third crucial contributor. Its overall contribution to the balance of payments in 1978 was \$130m.

In the years immediately after the 1967 Arab-Israeli war, Jordan's growth underwent some understandable fluctuations. More recently, in particular since the beginning of the 1976-80 development plan, growth rates have settled down, averaging 9-10 per cent for the last three years.

The economy is likely to grow at a slightly slower pace this year. The GDP at market prices by industrial origin and before allowing for inflationary factors rose from 1977 to 1978 by 17 per cent—from JD 532.6m (\$1.7bn), to JD 614.1m (\$2bn). The predicted fall in the growth rate this year is attributed to a decline in agricultural output, delays in decisions on investment by the private sector, and a possible decrease in the contributions of the banking and housing sectors.

Two-thirds of the way through the current development plan—the main indications—according to a study by the Royal Scientific Society (RSS)—are that only about two-thirds of the annual GDP growth rate target of 12 per cent had been met. By contrast, the targets for the contribution of domestic revenue towards the budget, both absolutely and as a ratio of total revenues, appeared to have been met in the first two years, and to be falling behind thereafter.

### Constraints

However, the closing of the trade gap appeared to be far beyond reach. Imbalances in the regions of the country and between social classes have deteriorated. Work has begun on the next five-year plan, and the first signs are that planners are taking these last imperfections very much to heart.

Two constraints in particular are making it hard to conquer these problems. The first is the sensitive issue of birth control in a country whose population is rising annually at the high of 3.4 per cent. This inevitably puts a severe strain on services, and the Government's ability to match expanded demands for food.

The second is the growing imbalance in the distribution of the population and economic projects, which are heavily concentrated in Amman and Zarqa. The capital itself remains a pleasant place in which to live and move around. But if its current population growth con-



JORDAN III

# Brisk moves in banking

# Choices

CONTINUED FROM PAGE 1

THE ESTABLISHMENT of new banking institutions and the adoption of more sophisticated financial instruments have both moved ahead rapidly in the past year, reflecting the need to channel the continuing high liquidity of the economy into productive investment.

As long as internal stability continues and regional tensions are contained, the brisk development of the Jordanian financial sector should accelerate in the coming years.

Including the establishment of three new commercial banks last year (all of which had considerable shareholdings by Gulf interests), there are now 15 commercial banks in Jordan, of which five are branches of foreign banks. These have now been joined by two new merchant banking-type institutions—the Arab Jordan Investment Bank, and the Arab Finance Corporation (Jordan).

development—and trading in shares—of industrial companies. Negotiable certificates of deposit (CD) have been introduced into the market by Citibank, with the semi-state Housing Bank planning to follow suit later this year. As the CD becomes more familiar to Jordanians, a secondary market in CDs is expected to develop in the Amman stock exchange.

The use of such novel financial instruments in Jordan will be further stimulated by the establishment this autumn of the Jordan Securities Company, in which the International Finance Corporation and one as yet undetermined foreign investment company will have minority shareholdings. The two existing merchant banking companies also plan to expand into this area when they have enough staff with the experience to match.

Perhaps the most satisfying new development this year has been the obvious ability of local companies to raise capital in Jordan, instead of turning to the Euromarkets as they had done in previous years. Five locally syndicated loans have been arranged during the past six months, the biggest being for JD 7.5m (about \$25m), at interest rates of around 9 per cent and an average duration of six years.

## Impact

This has reflected the highly liquid situation of Jordanian banks, whose total deposits rose from JD 227m (\$726.4m) at the end of 1978 to JD 448m (\$1.437m) at the end of 1978. Their outstanding credits have risen from JD 201m (\$643.2m) at the end of 1977 to JD 353m

(\$1.07bn) at the end of last year. This sharp rise in bank lending mirrors the rise in money supply and has prompted the Central Bank to keep a close watch on the inflationary impact of bank lending activity. According to Dr. Nabulsi, liquidity expanded at the rate of 32 per cent between March 1978 and March 1979, which is higher than normal. He anticipates Central Bank action soon to stem the rise in commercial bank lending, repeating the precedent set in 1978 when the Central Bank imposed credit ceilings and higher reserve requirements to reduce commercial bank lending for inflationary activities such as real estate dealings and imports of consumer items.

On the foreign exchange side, however, the Central Bank has loosened regulations during the past year and freed them altogether for the dealings of the

merchant banks. This anticipates the likelihood of regulations allowing the establishment of offshore banks in the near future, though the development of this kind of institution is, realistically, still several years away.

Of more immediate concern is the further development of the stock exchange and the sophistication of local banking institutions in raising capital at home for Jordanian companies. A good example of this has been the recent move by the cement company to float a \$15m bond issue on the Amman market to raise half the \$30m required to finance its present expansion project, with the other \$15m being raised through a Euroloan.

The trend towards a secondary market in bonds is also being hastened by the gradual withdrawal of the Central Bank from

its traditional practice of guaranteeing the redemption of its development bonds at any time before maturity. New Government bond issues will not carry the early redemption guarantee, but instead will be traded before maturity on the stock exchange.

Dealings in shares and bonds of private companies will also be stimulated by the expected transformation of the Pension Fund into an investment company to be called the Jordan Investment Corporation. The fund would turn over its pension-paying duties to the Finance Ministry, and instead would concentrate on what it already does best, taking equity shareholdings in new, and usually import-substituting, Jordanian companies.

Rami G. Khouri

The Jordan Islamic Bank was formally established earlier this year, and opens its doors this summer. In keeping with Islamic precepts, prohibiting usury, it will not pay interest on deposits, but rather operate on the profit-sharing principle.

According to Dr. Said Nabulsi, the Central Bank Governor, Jordan now has enough banks, and therefore no new bank openings are anticipated in the near future. Instead, the Central Bank wants to encourage the opening of branches of existing banks in different parts of the country, as well as the proliferation of new financial instruments.

It is in this area that the 18 month old Amman Financial Market (stock exchange) will become more important. The exchange ended its first year of operations with a turnover of JD 9.8m (\$31.4m), including transfers, which covered only the shares of publicly held corporations. From the start of this year, the exchange has also been listing the Central Bank's 10-year development bonds, and private corporate bonds, whose issuance is stimulated by a new law that exempts their holders from paying income tax on the interest earned. Previously, only the Central Bank bonds enjoyed this privilege. Another law has reduced the income tax paid by publicly held industrial shareholding corporations. This is expected to encourage the

LABOUR CONTINUES to be a weak spot in the Jordanian economy and a contributor to inflation. However there are strong signs that as the labour picture becomes more complex it is also becoming slightly less worrying to the country's economic planners.

The basic problem is that the high demand for Jordanian workers throughout the Arab oil-producing states has left a gap in the domestic Jordanian economy that is being filled by rising wages to keep Jordanian workers at home and by imported foreign workers. There is also a high turnover of workers, which combines with rising wages to produce a higher inflation rate, generally lower productivity and, ultimately, lower profitability for private companies.

Four separate surveys conducted by the Labour Ministry during the past two years have produced the first accurate picture of the labour market available to economic planners in the country. This shows that there is a total workforce of some

600,000 Jordanians, of whom 250,000 live and work outside the country in the oil-producing states as well as the western industrial states.

The development boom's demand for workers has therefore not been fully met by indigenous Jordanians, and the economy has adjusted in two ways. The first has been a rising level of wages, particularly in the private sector but also to a lesser extent in the public sector. Over the 1973-78 period, wages have risen nominally about 16 per cent a year on average, but less than this in real terms when inflation is accounted for.

The second compensatory move has been to import foreign workers and encourage more Jordanian women to work.

There are now some 75,000 non-Jordanians working in the country, of whom Egyptians make up nearly 30 per cent, with large contingents from Pakistan, South Korea, Syria, Lebanon and India. These workers gravitate to several sectors, particularly tourism and agriculture, and about half

of them are unskilled manual workers.

There are firm signs that the rate of women's participation in the economy is increasing steadily, according to the labour surveys. These show that less than 5 per cent of Jordanian women worked in 1974, but that about 12 per cent work today.

## Supply

The Jordanian Government's basic approach to solving the labour dilemma is to increase the supply of workers instead of restricting the outflow. For one thing, emigrant Jordanians send back home not less than \$750m a year in remittances, much of which has recently been finding its way into productive industrial investment. The Royal Scientific Society has just started conducting the first survey of remittances to determine precisely what role they play in the economy.

The Vocational Training Corporation is now working nearly at full speed, while secondary school curricula are being

gradually adjusted to meet the demands of the market place (for example, a nursing diploma is now offered to secondary school students). The educational and vocational training systems work on the assumption that 30 per cent of Jordanian graduates will leave the country to find work elsewhere, attracted primarily by higher pay.

While the supply side is receiving most attention, the Labour Ministry has also instituted a programme to monitor the inflow and outflow of workers, to keep an accurate record of changes in the labour market without imposing restrictions on the freedom of movement of Jordanian workers. This includes signing bilateral labour agreements with countries with whom Jordan exchanges workers, and posting labour attachés to Jordanian embassies in several Arab oil-producing states.

There are signs that the outflow of Jordanians is slowing down, meaning more will stay at home in the coming years. It is thought that the rate of emigration of 20,000 Jordanian

workers a year during 1974-77 has fallen to 10,000 workers annually today. There are also some other encouraging signs that the supply of workers will rise, such as higher applications for technical training courses, the rising number of women workers and moves by Jordanian companies to hire women for posts that traditionally had been held by men.

Another factor that is difficult to quantify is the generally more comfortable lifestyle that a worker finds in Jordan, compared to the harsh life in the oil-producing countries. The establishment in Jordan of the social security scheme and the spread of social services, coupled with higher wages, means the gap between the attraction of higher pay abroad and the collective advantages of staying in Jordan is closing. This will intensify as the general socio-economic development of Jordan continues, which means that the labour picture should continue to become less of a problem in the immediate future.

Rami G. Khouri

# Labour market dilemma

a three-member Commission to investigate the situation in the occupied territories, including Jerusalem. These were classic examples of the sort of small-scale initiatives Jordan is capable of starting at time of deadlock.

At the same time, it puts across to the PLO a message which Jordan believes is being gradually absorbed (Rabat resolutions notwithstanding) that while Jordan is prepared to be more flexible about the long-term future relations between the West and East Banks, the PLO should be realistic enough to grasp that it is less well-equipped than Jordan—not least in terms of international acceptability—to help negotiate the return of the West Bank and the Gaza Strip.

But this has to be seen in the context of Jordan's requirement that a settlement should be comprehensive and that the negotiations to open shortly between Egypt and Israel over the future of the occupied territories are unlikely to produce anything acceptable. Or as King Hussein put it succinctly in an interview with Newsweek: "What we were offered... was a big fat zero."

Last month a small group of Palestinian guerrillas crossed the Jordan and were killed by Israeli forces on the West Bank. In spite of a campaign from Tel Aviv to suggest that this was one outcome of the rapprochement with the PLO, it is undoubtedly not the case. Jordan remembers well the massiveness of Israel's retaliation when Jordan was last used as a springboard for Palestinian attacks after the 1967 war. And these days, with the considerable investment in the Jordan Valley, there is infinitely more to lose.

Further, the deployment of the armed forces, still reckoned to be the most efficient in the Arab world, even if under-armed in comparison with its neighbours, is aimed primarily at preventing guerrillas crossing the Jordan river or from infiltrating from Syria or Iraq. It is inevitable that Jordan's more militant position internationally finds its echoes in the sentiments of the Palestinians, particularly those with close attachments to the West Bank. Therefore there is a tendency, as happened at minor university disturbances in April, for unrest to take on anti-Hashemite overtones, reflecting that for many the first allegiance is in the end towards Palestinian nationalism.

Once again, these develop-

## Uncertainty

The uncertainty has also had some effect on the economy. As articles on the economy in this survey indicate, although Jordan's dependence on grants and aid from outside is considerable, there has been much success in establishing development priorities, in encouraging local financial institutions, and in building the foundations of greater self-sufficiency.

But the Central Bank was aware that during March and April, when there appeared to be a campaign abroad to suggest that Jordan was passing through a period of instability, private investment and the inflow of remittances from workers abroad had slowed down noticeably.

For the moment there is little that Jordan can do but wait and see. Officially the hope seems to be that the UN Security Council or some form of the Geneva conference could provide an umbrella for talks on the West Bank in which it could participate. But the U.S.-mediated initiative which led to the Washington treaty has placed Jordan in an uncomfortable dilemma. For both to stay out of negotiations for a long time, or to join them abruptly, eventually could have serious repercussions on internal stability. And yet the U.S., the prime mover in the Egypt-Israel treaty, hitherto regarded Jordan as a key, moderating bastion among the Arab states on Israel's frontline.

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Agriculture plan will help trade

JORDAN IS realistically re-signing to being a long-term net importer of food products, and is slowly implementing a strategy based on exploiting the large potential of the 66,000 hectares of irrigable land, primarily in the Jordan Valley region.

Most of the current five year plan's JD 112m (\$358m) investment in agricultural projects will go into the Jordan Valley and highland areas. The plan aims to raise agricultural income by 40 per cent by 1980, to JD 42m (\$134m), representing an annual growth rate of 7 per cent. This would bring the share of agriculture in the GDP to about 8 per cent, down from 14 per cent in 1972.

Integrated

A comprehensive, integrated planning approach in the Jordan Valley, 300 metres below sea level, is designed to triple sprinkler irrigated land to 38,000 ha during the coming decade. This will, in turn, double the valley's population

level of food imports, Jordan's agricultural exports have recently overtaken raw phosphate rock to become the single largest export item, accounting for JD 21m (\$67m) in 1977. Exports last year were probably much higher as a result of increased vegetable output and the beginning of poultry exports, as the country has become more than self-sufficient in poultry needs.

Duplication

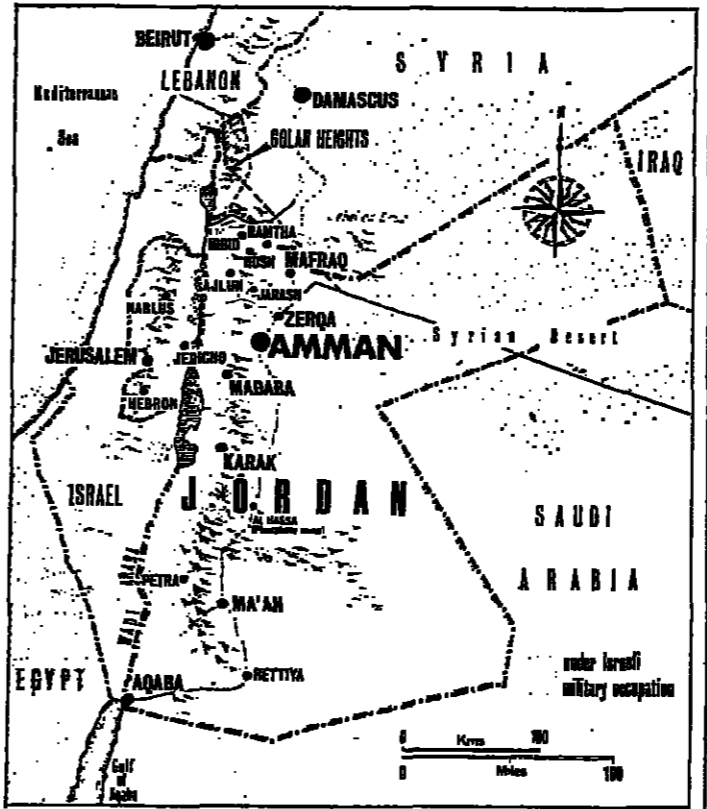
To devise a coherent long-term agricultural strategy, the Government has activated the Higher Agricultural Council, which includes senior members of all bodies in the country working in the agriculture sector. This will help eliminate duplication of work (such as research, extension services or credit provision), and will permit a pooling of resources to tackle the most pressing problems. These are: the need to

The livestock sector, largely the domain of the traditional bedouin community in the arid desert region, remains precarious due to poor range management. The first animal census will be made later this summer, though current estimates give Jordan 500,000 sheep, 250,000 goats, 40,000 head of cattle and less than 10,000 camels.

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AGRICULTURAL PRODUCTION (EAST BANK ONLY) (in thousands of tons). Table with columns for Crop, 1974, 1975, 1976, 1977, 1978. Rows include Field Crops (Wheat, Barley, Tobacco, Lentils, Vetch, Other), Vegetables (Tomatoes, Eggplant, Cucumbers, Cauliflower and cabbage, Other), and Fruit (Olives, Grapes, Citrus fruit, Bananas, Figs, Melons, Other).



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Tourism CONTINUED FROM PREVIOUS PAGE. added the arrangement whereby tour groups arriving on the East Bank are able to spend a few days visiting Holy Land sites on the occupied West Bank. Amman, the capital, also boasts several good restaurants, and by a curious quirk its Chinese

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20 LOMBARD Getting the message

BY ANTHONY HARRIS

THE IRISH seem able to get along without a postal service for months together as easily as they can get along without banks, and we may yet have to take a lesson from them...

Monopolies

But apart from strikes, would the consequences really be so dire? The fact that post and telecommunications are unified State monopolies in most countries looks at first sight like a telling argument for Mr. Jackson...

as a social service and Parliamentary votes to pay for it in order to conserve this part of the service while opening the rest up to cost-cutting.

In any case, even in cities the Post Office is now partly a social service, dishing out pensions, collecting license fees, and so on. It would be extremely awkward and laborious to invent new ways of doing everything now done by this convenient catch-all branch of government.

There are some theoretically pure reforms which do not seem worth bothering about. As far as the post is concerned, then, I would be inclined to support Mr. Jackson...

Competition

But Mr. Jackson is not just concerned with competition for the postal service; he proclaims the sanctity of a "unified message service" and here it is not so easy to sympathise. These are two services which might compete, to the advantage of the user. It may seem odd to propose hiring of the telecommunications service, which is generally regarded as a "natural" (that is, technically inevitable) monopoly, rather than the postal service, which is not, but the arguments are quite strong.

The simplest is financial: telecommunication is highly profitable, and therefore an ideal monopoly to sell to the pension funds, to the large benefit of taxpayers (including postmen).

Secondly, in these days of lasers, messages via television and microwaves, the technical monopoly may be coming to a natural end, allowing for competition within the industry. Competition would speed technical development. So let's have it.

concerned with competition for the postal service; he proclaims the sanctity of a "unified message service" and here it is not so easy to sympathise. These are two services which might compete, to the advantage of the user. It may seem odd to propose hiring of the telecommunications service, which is generally regarded as a "natural" (that is, technically inevitable) monopoly, rather than the postal service, which is not, but the arguments are quite strong.

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BUXTON

BY RHYS DAVID

The peaks will be alive with the sounds of music

THE STRAINS of Donizetti's Lucia di Lammermoor will ring out over the hills of Derbyshire in just over two months time, the climax to a rapid and remarkable change of costume at Buxton's Edwardian Opera House.

Last year the grade II building, regarded as one of the masterpieces of Frank Matcham, the theatre architect, was a very damp cinema, its ornate art nouveau interior buried under grime and layers of paint and plaster.

Six months after beginning work in late January, however, Bovis, the contractors, will have restored Matcham's work to all its former glory in time for a festival heralding the return of the 900-seat theatre to live music and drama.

The delicate figures on the walls and roof of the auditorium, originally the work of Italian craftsmen, have been restored and repainted, and Firch Carpets, believed to be the original carpet suppliers, has brought back into use a 1907 loom to reproduce the Brussels Wilton carpet, chosen by Matcham for its acoustic properties.

The project, which is expected

to cost not much less than £200,000, has also included enlargement of the orchestra pit to enable it to accommodate 60-70 players. The stage itself is already the largest in the North and bigger than the one at Sadler's Wells in London.

The result, it is hoped, will be a Glyndebourne of the North—a beautiful theatre set in the middle of the Peak District National Park within easy travelling time of Manchester and Liverpool, Sheffield and Stoke.

The town reached a low point in the 1960s with the closure of the spa, the loss of direct rail links with London, and the decline of some of its older and grander hotels.

Low point

The town reached a low point in the 1960s with the closure of the spa, the loss of direct rail links with London, and the decline of some of its older and grander hotels.

(now a hospital) and the Victorian spa and pavilion gardens complex (including the opera house)—straddled as monuments to a grander and more prosperous past.

The recent improvement is the result of greatly increased leisure time and changes in public taste. Buxton as well as attracting tens of thousands of day visitors on fine summer days is also benefiting from longer holidays which have enabled many people to take a second break during the year.

The town's position 1,000 feet above sea level at the heart of the Peak District and the geological importance of the area has also enabled Buxton to take advantage of the increased demand for hiking holidays and educational breaks. The area is also now a prominent itself actively on the Continent as a tourist centre, though one of the problems it meets there is the inevitable confusion between Peak and Lake Districts.

If more Continental visitors are to be attracted, however, there is an urgent need for upgrading the hotels. The number of hotels has fallen by half since the war and private bathrooms are few and far between. The town is fortunate

to be one of five selected by the English Tourist Board to participate in a scheme announced earlier this month under which £1m is being set aside to provide grants for just this sort of improvement.

Because of its comparatively small size (population 20,000) and the lack of a large business-traveller market the big hotel groups have been reluctant to move in to the town, so that the task of raising capital to refurbish some of the bigger hotels has fallen on their family owners. The biggest hotel in the town, the 140 room Palace has recently been taken over by the Saga Holiday Group, however, giving it a staple coach-party base for much of the year, and its new owners plan to spend large sums on renovation.

Limited part

The opera house will provide an important extra attraction for tourists as well as being an obvious asset to the local community. Opera will itself play only a limited part in the programme, but the theatre being at other times of the year for local music and drama groups, and for concerts, touring pro-



Buxton's opera house—in the process of being restored to its former glory

ductions, master classes, poetry readings, and jazz festivals. Film and television companies are also showing an interest in using the building for period pieces.

According to Mrs. Margaret Millican, chairman of the North West Tourist Board and a Buxton councillor, it will also be marketed as a conference venue. The building itself is part of a group linked by a conservatory and flanked by gardens, creating a complex which could be used jointly for conference and exhibition activities.

The next stage in the town's revival is likely to centre on finding new uses for some of the former spa buildings. As in other spa towns there is regret that the medical profession today places little value on

water treatments, unlike Germany where spas still flourish. There are some hopes that the former bath buildings at Buxton could be revived, possibly as health centres, lines attracting a business clientele.

Another proposal is for a museum illustrating the history of spas; or alternatively tracing the development of the limestone and lead industry in the district.

The immediate task, however, is the festival, which has taken for its theme, the author Sir Walter Scott, and in which the local works, including the Lucia story, have been handed by theatre, opera, artists, the cinema and other media. With it the town hopes to show that it is now firmly back on the map.

Hern to succeed at Haydock

DICK HERN saddles few runners at Haydock but those he does send on the long haul north to Lancashire almost invariably acquit themselves with distinction. This afternoon I expect to see him on the mark there with both his charges, Cranbourne Tower and Mother Earth.

RACING BY DOMINIC WIGAN

Cranbourne Tower, representing the Queen in the 11-mile Newton Maiden stakes, could finish only sixth or seventh behind Lyndard's Wish at Newmarket on his sole juvenile appearance, and was again well beaten at headquarters when returning there for the April Stakes on Free Handicap day. However, it would not be an exaggeration to say that he showed notable promise on both occasions.

well-backed second favourite in the race won by the Cecil colt, Cranbourne Tower only realised what was required of him when it was far too late. Although never in with a chance of getting anywhere near the principals in that event, the Royal Palace colt was putting in some useful work on the climb from the bushes and I feel sure that Hern left the course far from disheartened.

In the April Stakes, Cranbourne Tower ran a totally different race, attempting to slip his field some four furlongs from home. For half a furlong or so it appeared that the tactics might well pay off, but the West Hilday colt's effort petered out and he was swamped by both Barley Hill and Marzock running in to the dip.

Although a strict interpretation of that form puts Cranbourne Tower in with no more than a fair each-way chance this afternoon, I believe that unusual improvement will see him proving the one they all

have to beat. Of the rest, I have most regard for Peter Walwyn's Jarvis Bay and the once-raced Jeremy Hindley filly, Melaleuca. Jarvis Bay, a powerfully-made son of Sea Epic, caught the eye with an encouraging third-placed run behind Looking Back's Bath's one mile and three furlongs West Littleton Stakes on May 12. There Pasty's half-brother was clearly not considered sufficiently well forward to take a hand in the finish—drifting from 6-1 to 14-1. He, too, seems sure to be a very different proposition today.

Mother Earth has been showing a good deal in recent home-work and she looks something to bet on in the St. Helens Maiden Stakes.

HAYDOCK

- 2.45—Mother Earth\*\* 3.15—Shinda\* 3.45—Judicial 4.15—Cranbourne Tower\*\* 4.45—Turpin\*

TV Radio section listing various television and radio programs with times and channels.

Racing results and news for Haydock, including race times and commentary.

Theatres section listing various theatre productions, venues, and showtimes.

Shakespeare Theatre section listing productions and showtimes.

F.T. CROSSWORD PUZZLE No. 3,980

A crossword puzzle grid with numbers indicating starting positions for words.

Answers to the crossword puzzle, including 'Daddy among the out-felders', 'Boss takes one round the dining room', etc.

BBC 2

BBC 2 television schedule listing programs like 'Play School', 'Golf', 'Darts', etc.

BBC 1

BBC 1 television schedule listing programs like 'Open University', 'Golf', 'Darts', etc.

Channel

Channel television schedule listing programs like 'Channell Lunchtime News', 'What's On Where', etc.

Granada

Granada television schedule listing programs like 'Cartoon', 'Playback', 'Going Places', etc.

London

London television schedule listing programs like 'Handful of Songs', 'Sleeping Stages', etc.

Radio 1

Radio 1 schedule listing programs like 'Stereophonic broadcast', 'As Radio 2', etc.

Radio 2

Radio 2 schedule listing programs like 'News Summary', 'Tony Brandon', etc.

Radio 3

Radio 3 schedule listing programs like 'Overture', 'New Music', etc.

كلاسيكيات

## THE ARTS

# The FBI in the dock

by GEOFF BROWN



Helen Mirren  
Leonard Burt

Riverside Studios

### Measure for Measure

When the Duke of Vienna, disguised as the meddling friar, is asked for news of abroad, he shrugs his shoulders and says there is none, that "novelty only is in request." Contemporary directors of this inexhaustibly fascinating play, which has survived a century in the old-world trappings, since Tyrone Guthrie's 1933 production... one of the most frequently performed in the canon, are usually tempted to deliver novelty before textual clarity.

At Hammersmith, Peter Gill takes the play as it comes and makes you wonder whatever it was about it that Coleridge found "painful" or Swinburne "unclassifiable." Why does the Duke behave as he does? George Baker, not yet quite secure in his lines, enters into his role of devious mediator in a mood of cheerful, but serious, experimentalism.

Unfashionably, perhaps, the production seems to affirm that there is nothing wrong with having principles. Again, there is the "problem" of the conclusion when the Duke, having sorted everything out, says to Isabella: "What's mine is yours, and what is yours is mine."

### Wigmore Hall Sarah Walker

Sarah Walker gave on Wednesday her first solo recital in London, an event that confirmed her as an artist of dazzling accomplishment. From her very first appearances on the London opera stage, there has always been something special about her. Classical nobility (in the Monteverdi roles of Octavia and Penelope), wit of timing and elegance of style (in Mozart and Offenbach), and polished, accurate musicianship in a host of contemporary operas, most recently *Boccanegra* and *Tosca*, have long been established as three of her special gifts.

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Cinema

**The Private Files of J. Edgar Hoover** (AA) Screen on the Hill  
**Escape to Athena** (A) London Pavilion  
**The Humanoid** (A) Classic Haymarket  
**The Shape of Things to Come** (A) Odéon Marble Arch  
**British Moviehouse News**

Larry Cohen's *The Private Files of J. Edgar Hoover*, far and away the week's most compulsive offering (indeed the only compelling one), isn't the first American film to investigate the FBI. Mervyn LeRoy, a personal friend of the bureau's director, looked into the institution in 1959 with *The FBI Story*. Not surprisingly, he found nothing but loyalty, courage and competence, and he made it all symbolised by James Stewart playing not Hoover himself (unthinkable!) but a rosy representative of all long-serving agents. But Larry Cohen, the writer, producer and director of *The Private Files*, conceived of his own FBI story as "a kind of reality" to LeRoy's. The viewpoint is certainly far different. With the help of a magnificent central performance by Roderick Crawford (and a strong cast all round), Cohen builds up a fascinating picture of Hoover as a man increasingly and dangerously obsessed by his own moral rectitude.

He denies the rights to fraternise with fellow employees of the same sex, the civility he needs *Plimpton*, to have coffee breaks, wear polka-dot ties (they're only for nimbos, he declares), even to wear a five o'clock shadow. And running alongside these infringements of personal liberties are the major infringements of public ones—the paranoid hatred of Communism, the fervid collecting of confidential data, culminating in the hounding of Martin Luther King, and the eventual, albeit by Hoover as a *Red Agent*.

### Malvern Festival The Elder Statesman

by B. A. YOUNG

*The Elder Statesman* is Eliot's last play, and although it makes a good evening's entertainment, it still doesn't quite meet the demands that seem to be after a play of modern everyday life, in a kind of verse that could sound like modern everyday speech, yet with enough depth to carry the significance of the Greek dramas that served as his models. (This one derives from Sophocles' *Oedipus at Colonus*.)

The merits first. The verse is eminently speakable; those who choose to think of it as heightened prose may consider it as prose, those who regard it as verse may take the author's word that verse is what it is. It flows now and then into beautiful, meaningful phrases that spring from the ordinary conversational level. In spite of everything, in defiance of reason," says Lord Claverton, the retired politician and City magnate who has been plagued by the resurrection of his youthful bêtises. "I have been brushed by the wing of happiness."

Lord Claverton (masterfully played by Paul Rogers), near the end of an apparently successful life, meets two people who remind him of his early errors — Gomez, né Culterwell, who blames him for having led him into extravagant ways and reminds him that he once failed to stop after running a man over in the street, and Maisie Carghill, a former revue star, who was bought off after threatening a breach of promise action.

and themes are presented in a mosaic which allows some of his most powerful points to emerge through inference. Take, for instance, Hoover's implicitly homosexual relationship with his aide Clyde Tolson (played by Dan Dailey—another old-timer giving a memorable performance). The mosaic pattern also leaves plenty of room at the corners of sequences for bizarre sidings on character—Hoover showing his newly sown mock grass on his lawn to a highly dubious Tolson, or Bobby Kennedy (as Attorney General, Hoover's nominal boss) phoning through to his adversary with the bark of his pet dog and the comment "Just wanted to see if you were there!" The film, in short, has a dense texture, an intelligence and a driving force that are all irresistible. Cohen's reputation as one of America's most enterprising independent film-makers has been mainly underground in Britain until now, though his horror opus *It's Alive* deservedly won praise from a few. *The Private Files* should bring him more into the limelight.

The rest of the week's new films are solid dress by comparison, though minute flickerings of entertainment (often unintentional) may be found here and there. In *Escape to Athena* the indefatigable Sir Lew Grade presents his now customary mixture of international stars, stale scripts, and foreign bank accounts. This one features the almost unrepeatable trio of Roger Moore, Telly Savalas and David Niven (not of mention Elliot Gould and Claudia Cardinale) in a tale of World War Two malarkey set on a Greek island. The director is Greek himself—George Pan Cosmatos, earlier responsible for Lew Grade's monumentally silly *Cassandro Crossing*, though the bulk of his job here is really performed by the aerial cameraman Richard Goodman and the helicopter pilot Marc Wolf.

### St. John's Chelsea Opera

With the production of *Simon Boccanegra* that Abbado and La Scala brought to Covent Garden in March 1978 even now still sharp and fresh in the memory, a concert version was probably the best way to renew acquaintance with the opera in performance. But even a concert hall as pleasing as St. John's is not the ideal setting for Verdi's score. The spare, sombre music, shorn of its overt dramatic trappings, can give the proceedings a hieratic feel, more like an oratorio than an opera; a scenario that depends so crucially on the conviction of the central role to bind and sustain it demands more complete psychological exposition than mere vocal portrayal can manage. Add a cast five out of six of whose principals are male voices (and only one of those a tenor) needs the sharpest possible characterisation and dramatic pacing—precisely what the marvellous Italian production provided.

But the Chelsea Opera Group is nothing if not adventurous. In recent seasons it has unearthed *Verdi's The Trovatore* and given both parts of *The Trovatore*; next season it's planned to present *Benvenuto Cellini* and *Chalkovsky's Moseppa*. The results achieved with an amateur chorus and an orchestra with only the bare minimum of professional stiffening are remarkable. In last night's performance only the woodwind sometimes sounded a little ill at ease; string and brass chording detracted not a whit from the edge of Howard Williams' dramatic pacing of the score. The chorus, one or two patches of rough tone apart, coped well.

*Adventurously* stopped short of giving us the original 1857 version of the score, however, and in fact the superb scene added by Verdi and Boito at the end of the first act at the time of their collaboration on *Otello* brought the performance to dramatic life: Neil Howlett's Doge suddenly found the amplitude of the character in this scene and thereafter sang with considerable warmth, appropriately fearful of the size of the hall—soloists so easily drowned the orchestra at anything above *mezzo forte*; Boccanegra's final reconciliation duet with Fiesco (John Tomlinson) was a considerable improvement on their encounter in the Prologue.

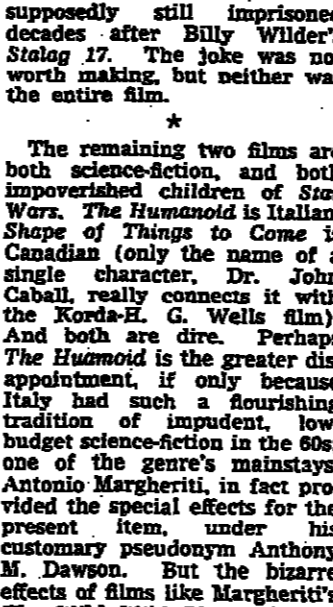
ANDREW CLEMENTS

supposedly still imprisoned decades after Billy Wilder's *Stalag 17*. The joke was not worth making, but neither was the entire film.

The remaining two films are both science-fiction, and both impoverished children of *Star Wars*. *The Humanoid* is Italian, *Shape of Things to Come* is Canadian (only the name of a single character, Dr. John Cabell, really connects it with the Korda-H. G. Wells film). And both are dire. Perhaps *The Humanoid* is the greater disappointment, if only because Italy had such a flourishing tradition of impudent, low-budget science-fiction in the 60s; one of the genre's mainstays, Antonio Margherita, in fact provided the special effects for the present item, under his customary pseudonym Anthony R. Dawson. But the bizarre effects of films like Margherita's *The Wild Wild Planet* (where people were miniaturised and put into handbags in the interests of intergalactic war) have now been replaced by a dull attempt to offer a cut-price copy of the Hollywood blockbuster. The good planet Metropolis is under attack from the bad planet Noxon, whose weaponry is devised by black-coated Kraspin (Arthur Kennedy, that is, acting as though mad scientists had just been invented). Kraspin isn't just madly evil, however—he has a personal grudge. "Make sure there are no survivors," he rants before an assault force sets out—"especially that Barbara Gibson!" But not even lines of such luminous absurdity (and some stirring music by Ennio Morricone) can save the film from the doldrums of appalling acting, endless ragtag battles and the cute antics of Kim the robotdog.

The director is George B. Lewis; perhaps a pseudonym, perhaps not—it's difficult to care.

The director's name in *Shape of Things to Come* is no pseudonym at all—it's George McGowan, who directed the slightly esteemed *Frogs* in 1972, where Ray Milland found himself and his family under attack from rampaging reptiles. But the rampaging forces of destruction let loose by Jack Paalace, dictator of the planet Delta III, prove far less engaging, despite the big sums spent on special effects. Carol Lynley gives a



Corinne Clery and Richard Kiel in 'The Humanoid'

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Strong sterling holds back Beecham to £144m

ICI down in first quarter

Boots sales and profit up but margins reduced

DESPITE SECOND-HALF profits down from £70.4m to £67.9m. Beecham Group finished the year to March 31, 1979, with taxable surplus up from £139.4m to £144m. Sales were well ahead at £223.1m, against £238.4m.

HIGHLIGHTS

A day dominated by FT-index stocks saw major disappointments. The first quarter from ICI was battered by currency parities and the effects of severe weather conditions, to say nothing of the transport strike. The shares reacted badly and Lex examines prospects for the rest of the year.

A £20M PROFIT setback arising from the road haulage strike caused a further slide in performance at Imperial Chemical Industries in the first quarter of 1979. Taxable earnings were £14m lower at £88m and the repercussions of the dispute are still being felt, the company says.

with £62m for the previous first quarter. Historical profit is shown after £56m (£53m) depreciation and £9m (£7m) exchange loss on overseas assets.

INCREASED sales and profits for the year ended March 31, 1979 are reported by the Boots Company, pharmaceutical and retail chemist group, but the directors say the year's trading result was disappointing and the satisfactory results expected at midway were not achieved.

Table with columns: Company, Current payment, Date, Corrected payment, Total year, Total last year. Lists companies like Associated Engng, Associated Sprayers Int, Beechams, etc.

As forecast at the time of the rights issue in November, the net final dividend is 11.575p, which lifts the total from 18.63p to 21.1375p. A three-for-one scrip issue is also proposed.

Loss of £1.7m by FPA

MAINLY DUE to writing down development properties and problems of F. P. A. Finnegan prior to its sale, results of the F. P. A. Construction Group for the year ended January 3, 1979, show a loss of £1.7m, compared with a £270,000 profit previously.

Extel improves by £0.5m to finish with £2.56m

FOR the year to March 31, 1979, pre-tax profits of Exchange Telegraph Company (Holdings) advanced from £2.06m to £2.56m. At the interim stage the improvement was from £1.18m to £1.33m.

those subsidiaries which can demonstrate a continuing programme of capital expenditure and stock holding. Assets of Wigmore Holdings purchased on March 28 have been consolidated but no profits have been included in the results.

U.K. retail sales, excluding VAT, increased by 1.5% per cent. of which about 6.4 per cent. represented volume growth. The levels of sales in the last quarter were severely hit by the weather and the transport strike, and many lost sales were not regained later, the directors say.

Costain looks to new areas

Costain's rights issue of 300,000 ordinary £1 shares has received applications from existing shareholders in respect of 290,872 new ordinary shares (96.9 per cent).

The directors explain that, during the year, the group had to reduce its interest in its Nigerian and Indian companies from 60 per cent to 40 per cent. This was achieved by the sale of shares which, after expenses and taxes, resulted in a £0.7m loss.

Glossop downturn to £0.5m

FOLLOWING the £20,000 fall to £315,000 at midway, pre-tax profits of W. and J. Glossop, public works contractor, were down from £830,915 to £501,783 for the year ended January 31, 1979.

Unappropriated profits amounted to £225,000 (£289,000) and stated earnings per 25p share are up from 15.3p to 25p. The dividend total is raised from 5.4675p to 6.0475p with a final payment of 4.0335p net.

• comment The Exchange Telegraph results for the year were in line with market expectations and the shares rose 1p to 177p. Group pre-tax profits were up 24.2 per cent on the back of a near 10 per cent improvement in turnover.

Table with columns: 1978-79, 1977-78. Rows include Sales, Trading profit, Income, Interest paid, Exchange loss, Profit before tax, Tax, Net profit, etc.

VIKING OIL

The proposed merger between United Biscuits Holdings and Bakusa Group is not to be referred to the Monopolies Commission.

Simon Engineering's broad base of international activities brings further increases in turnover and profit.

Table with columns: Geographical Area, U.K., Europe & U.S.S.R., Australia & N.Z., North & S. America, Rest of the World. Rows include Turnover, Percentage of Total, Activity, etc.

The Chairman, Harry Harrison, comments on the Group. In Simon, and in the country as a whole, there is a wealth of personal talent and skill not yet fully tapped. There are vast rewards available to everyone concerned if we could reach the productivity levels of our international competitors and any new approach to pay settlements must encourage this achievement.

SIMON ENGINEERING LTD

Copies of the Annual Report may be obtained from the Secretary, Simon Engineering Limited, Cheadle Heath, Stockport, Cheshire SK3 0RT

Handwritten signature/initials in a box.

Freemans set for decade of strong growth

Growth, but at a lower level than the 28 per cent seen in 1977-78, was forecast for the current year at Freemans (London SW9) at the annual meeting, by Mr. Anthony Rampton, the chairman.

Progressive Securities

Pre-tax revenue of Progressive Securities Investment Trust increased from £14,352 to £17,604 in the year to March 31, 1979. Gross revenue was down at £148,455, compared with £132,572.

New Throgmorton

Revenue up from £0.94m to £1.08m is reported by New Throgmorton Trust for the year to March 31, 1979, before tax of £25m, against £22.2m.

COURTAULDS

Profit and Dividend 1978-79

The Board announces its intention to recommend a final dividend of 5.674p per Ordinary Share which, together with the interim dividend already paid, makes a total for the year of 8.438p (gross equivalent of 12.594p - 1977-78 11.452p).

Table with columns: The results are, Year to 31st March 1979, 1978. Rows include World Sales to Third Parties, Sales to UK Customers, Exports from United Kingdom, etc.

Extraordinary Items comprise: a loss of £4.5m (1978 - £3.0m) arising from converting net current assets of overseas subsidiaries into sterling at a higher exchange rate than last year; reorganisation and closure costs of £17.9m (1978 - £2.9m); and gains from the realisation of fixed assets and investments amounting to £18.7m (1978 - £1.0m).

Trading results benefited from more buoyant conditions in the UK and substantial progress was made in eliminating loss-making activities. The increase in profits was largely attributable to improved results in the fabric and consumer product activities and to better margins in the overseas manufacturing companies.

Capital spending during the year amounted to £50m which represents a low point in the Group's capital spending programme. After repaying £50m of borrowings, cash resources were unchanged. A substantial re-equipment and modernisation programme is now underway aimed at reducing costs, improving quality and increasing capacity in certain areas, notably in some fibre, chemical, fabric, polypropylene film and paint activities.

The Report and Accounts will be posted to Shareholders on 18th June 1979 and the Annual General Meeting will be held on 18th July 1979. The ordinary final dividend will be paid (if approved) on 27th July 1979 to Shareholders on the register on 24th May 1979.

Courtaulds, Limited, 18 Hanover Square, London W1A 2BB. D. C. Pimlott, Secretary, 24th May 1979





UK COMPANY NEWS

Companies and Markets

Berec finishes £5m down after lower second half

LOWER second-half profits left Berec Group, formerly Ever-Ready Company (Holdings), down at £20.5m in the 53 weeks to February 3, 1979, compared with £26.0m.

At midway, profits of this battery maker and engineer, were up from £10.82m to £11.14m. Turnover for the 53 weeks stood at £214.85m (£194.03m). After tax of £7.51m (£9.56m), earnings per 25p share are shown to be down from 21.94p to 16.36p.

BOARD MEETINGS

Table listing board meetings for various companies including Greenall Whiteley, Allied Leathers, etc.

comment

Margins on Berec's UK battery operations were down in 1978-79 largely due to action by the

Price Commission. Crabtree, the electrical wiring and circuits subsidiary, had a good year but it is still small relative to the battery side and could hardly be expected to offset the downturn there. European results were slightly better than the previous year after a strong recovery in Italy.

PERFORMANCE BY Associated Engineering was severely affected by disruptions to both production and sales in the first half. For the six months to March 31, 1979, taxable profit was down £4.7m at £10.3m.

Profit was struck after £3.3m (£1.5m) interest and £4.3m (£3.5m) depreciation. Minorities (£3.5m) and there was again a £0.1m (same) extraordinary credit. The balance retained emerged at 3.4m (£8.2m).

comment

The 31.3 per cent drop in Associated Engineering's pre-tax profits at the interim stage was disappointing, even given a gloomy winter both in the UK and abroad.

The consequence has been to keep volume sales unchanged, after stripping out the contribution of the newly acquired companies, Fluidrive and Tempered. Disruption has also doubled interest charges, a reflection of high stock levels. Associated must always finance high stocks in its replacement component sector so the gearing of around 50 per cent does not look too worrying, particularly as deferred tax of £38m is fully provided for.

Simon £13m call to aid expansion

Simon Engineering is asking shareholders for £13m through a one-for-five rights issue. The specialised machinery and process plant contracting group wants the money for expansion. It is four years since the company's last rights issue of £3.7m. Since then profits have increased from £5.2m to £16.6m and £28.5m has been spent on acquisitions and other capital expenditure.

Expansion in the UK and overseas, and spending on research and development remains central to Simon's philosophy and both have required, and will continue to require, substantial investment, he said.

Simon Engineering is asking shareholders for £13m through a one-for-five rights issue. The specialised machinery and process plant contracting group wants the money for expansion.

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Simon Engineering is asking shareholders for £13m through a one-for-five rights issue. The specialised machinery and process plant contracting group wants the money for expansion.

Capital & Counties up £2m

A £2m advance in taxable profit on the revenue account was achieved by Capital and Counties Property Companies in the first half of 1979. Interest was sharply down from £4.32m to £1.14m but administration expenses were £0.63m higher at £1.51m.

but this time they are to be welcomed. Interest on trading properties—mostly housebuilding and flat sales—is no longer capitalised, though capitalisation will still apply to the growing investment development programme. The revenue accounts have also been held down by a £440,000 one-off top up to the pension fund so next year's pre-tax figures should react appropriately. They should also show a similar level of interest charges, gratifyingly reduced this year by the elimination of the German burden. Sound earnings notwithstanding, most attention must be focussed on the revaluation but caution is needed. A big chunk comes from reorganisation of the Nottingham Victoria Centre interests and on average the surplus looks closer to 24 per cent than the stated 34 per cent. Still the outcome is the same and leaves the share price, up 3p to 90p at a comfortable 25 per cent discount.

Sales pick up well at Cadbury

Sales of Cadbury Schweppes had picked up well since a difficult start to the year, particularly in the UK because of the weather and the road haulage strike.

Sir Adrian Cadbury, chairman, told shareholders at the annual meeting there was no reason to alter his view that there would be a material improvement in group profit in 1979.

He saw the improvement coming from three sources. The first was from a recovery in the two divisions which ran into difficulties in 1978—confectionery in Australia and tea and foods in the UK. The second was from a North American profit contribution in line with its sales level.

G. B. Britton increases to record £3.4m

Record profits are reported by G. B. Britton and Sons (Holdings)—the taxable surplus rising from £2.26m to £3.44m in 1978, on higher turnover of £41.79m, against £28.2m.

K Shoes advances to £2.1m

TAXABLE PROFITS of K Shoes jumped from £1.58m to £2.11m in the half year to March 31, 1979. And the directors say that demand on the K Shoemakers factories continues to be strong and this has helped improve profitability.

They add that forward orders for autumn for men's, women's and children's shoes are all up on last year.

The interim dividend is raised from an adjusted 0.66p net per 25p share to 0.86p. Last year's total, paid on taxable profits well up from £2.08m to £3.93m, was an adjusted 2p.

The directors point out that the midway dividend rise is the total permitted for the full year, and they do not expect a significant increase in the first half, even if dividend regulations are changed.

Turnover for the half year was up from £25.72m to £29.29m. After tax of £24.00m (£434,000) the net profit is up from £1.58m to £2.11m. Stated earnings are ahead from 5.09p to 5.69p.

margin is comfortably better than the previous comparable period, they are roughly one and a half points below last year's second-half level of 8.6 per cent. This is mainly due to a squeeze in the important retail division in the important retail division where, because the severe weather dampened trade, the winter sales were extended from the customary three weeks to about five in order to attract custom. Compared with the first half of 1978, the results reflect an overall volume gain of about 5 per cent.

The cold weather meant that a large proportion of this improvement was higher boot sales but the company has also been trading up market to take advantage of the increased demand for more elegant footwear. While cheaper imports perhaps the main worry for future margins is the recent jump in leather prices. On doubled first-half profits the shares, at 66p, sell on a dull prospective p/e of 4.8 while the yield is just over 5 per cent.

B and Q offer oversubscribed

Stags were out in force to subscribe for the 4.89m 5p shares

of B and Q (Retail) which went on sale yesterday.

According to merchant bankers Kleinwort Benson, the offer-for-sale at 60p per share was "heavily oversubscribed."

A spokesman said continuing would continue through most of the night. At this stage it was impossible to judge the response, he said, but it appeared that there has been a high degree of interest from private investors.

The basis of allotment will be announced later today. Letters of acceptance will be posted next Tuesday and dealings are expected to begin the following day.

Highgate slips into the red in second half

Highgate Optical and Industrial Co. ran into losses in the second half of 1978 and pre-tax profits finished the year well down from £209,222 to £12,827. At the interim stage the decline was from £136,000 to £48,000.

Stock write-offs and debtor provisions, as well as the loss of two major spectacle frame agencies, have followed the departure of Mr. Strauss, former managing director. This and the reorganisation of the group's activities have taken their toll of the full year profits.

The final dividend is held at 1.801p net; there was no interim. Last year's total payment was 2.428p. Majority holders have waived their entitlement to the final.

The French subsidiaries have again incurred an operating loss and this has been deducted from the profit and loss account. The exceptional debt of about £100,000 due from Manufacture now looks irrecoverable. After provisions for the Manufacture bad debt, the French subsidiaries appear to be insolvent and negotiations are fairly well advanced for their disposal.

The current year is therefore going to be one of major reorganisation and consolidation. Two loss making divisions are being eliminated; the UK radio division is being closed down and arrangements are being made to withdraw from France.

The three remaining divisions, spectacle frames, optical goods and photographic and video equipment offer a sound basis from which to establish profitability in 1980, the directors state.

1978 1977 Group turnover 3,765,000 2,855,831 Profit before tax 12,827 209,222 Tax 14,400 126,155 Net £24,227 183,067 Debt prior year and extraordinary item 50,872 22,788 Available loss 37,649 165,853

Stenhouse static at £4m

UNCHANGED pre-tax profits of £4m are reported by Stenhouse Holdings for the six months to March 31, 1979. Earnings per 25p share are 5.14p (5.45p). The interim dividend will be announced on August 23. Last year's total payment was 4.52p net from profits of £10.3m.

The directors state that insurance broking profits have continued to be adversely affected by premium rates in Canada and Australia remaining at a low level, and by the strength of sterling. New business development has overall been very good, and the UK has again produced a satisfactory increase in profits.

The group's industrial interests, represented by Caledonian Holdings, were disposed of in January 1979 by way of an offer for sale on a net basis, after a net gain arising of approximately £5.94m. The group profits include Caledonian profits for the three months to December 31, 1978.

Details have been issued regarding termination arrangements with A. B. Stenhouse Reed. Share and Partner in relation to Dominion Buildings. The net effect of the arrangement is to reduce the consolidated assets of Stenhouse Holdings from £29.15m to £27.91m and to create 3 EPS for the year to September 30, 1978 from 11.38p to 11.41p.

Table with financial data including commission and fees, operating expenses, interest and general inc., other items, proportion attributable to Stenhouse Holdings, etc.

FOOD PRICE MOVEMENTS

Table showing food price movements for various items like BACON, BUTTER, EGGS, BEEF, LAMB, etc., with columns for May 24, Week ago, and Month ago.

BRITISH HOME STORES advertisement featuring highlights from the statement by Chairman Sir Jack Callard, a comparison table of sales and profit for 1978/79 and 1979/80, and a large BHS logo at the bottom.

INTER-CITY Investment Group Limited

Table showing results for the financial year ended 31st December, 1978, including Group Turnover, Profit before Taxation, Taxation, Profit after Taxation, Dividends, and Retained Profit.

I am pleased to announce a Group profit, before taxation, of £700,000 for the year ended 31st December, 1978 compared with £320,000 for the previous year.

The accounting policy for deferred taxation has been changed to comply with Statement of Standard Accounting Practice No. 15. On this new basis, net earnings per share for 1978 were 5.8p (1977 2.86p) and net asset value at 31 December, 1978 was 24.34p per share (1977 19.91p).

The Wholesale Distribution Division, which is now the principal activity of the Group, continues to expand profitably and this expansion has been enhanced by the entry into the 'Cash and Carry' in December last year another branch was opened in Glasgow, and it is the Board's present policy to expand this business as and when suitable sites are found.

Adverse trading conditions caused problems in the Knitting Division and although several steps were taken to combat these the Division made a loss for the year. Further remedial action has been and is being taken in the current year and there are now signs of an improvement in gross profit margins which could lead to a return to profitability in the second half of 1979.

The principal associated company, King King Knitting Factory Limited, increased its profits in Hong Kong dollars but, due to the weakening of that currency against sterling, a lower than anticipated sterling contribution was made to Group profit.

The road hauliers' strike and the long severe winter disturbed the normal pattern of trade in the first quarter of the current year. In spite of this Group turnover for that period was higher than that of the corresponding period last year, and I believe 1979 will be another successful year for the company.

Dividend Subject to the approval of Members at the Annual General Meeting, a final dividend of 0.5725p per share will be paid on 15 August, 1979, making a total for the year of 1.125p per share. Formal authority to the payment of this dividend, which is the maximum permitted under the Companies Act 1978, has been obtained from the Treasury.

MINING NEWS

Mining plea to Canada's new Government

BY KENNETH MARSTON, MINING EDITOR

THE Canadian mining industry will have to more than double its present output over the next 20 years if Canada is to retain its share of world mineral markets, according to Mr. M. A. Upham, President of the Mining Association of Canada, reports John Sogaminich from Toronto.

New mines must be brought into production and the industry's exploration effort must be strengthened and expanded to achieve such an objective, he said.

Mr. Upham, completing a two-year term as president, was speaking at the annual general meeting of the Association in Ottawa.

Mr. John McCree, chairman of the industry's research body, the Association's new president, said: "At present there are at least 50 major deposits which are sitting on the shelf." Mr. Upham said that a minimum of 10 to 15 are of sufficient stature to be economically attractive. Some of these should have been developed in the past few years in anticipation of the turnaround of the market cycle.

He pointed out that the industry-government sector task force on the Canadian iron-ore sector concluded that this sector of mining over the next 20 years could add an extra \$21.2bn (£8.8bn) to Canada's gross national product, create 250,000 new jobs and strengthen the balance of payments position by adding \$38bn more to exports.

These conclusions are realistic if two major concerns about the

industry's future are dealt with, he said.

"The first is our ability to retain and expand existing markets and the second is the need, over the longer term, for a stable policy environment in which the industry can operate."

"That means introduction of Government policies to help increase the number of new mines and to encourage exploration for new mineral deposits. Large amounts of investment capital are required if Canada is to expand mineral production, Mr. Upham said.

Yet, investment confidence in Canada has received some sharp jolts in recent years—including Government takeovers in Saskatchewan, similar announced intentions in Quebec for asbestos, unreasonably high taxation of the industry and an extended period of dispute between the federal government and provincial governments over resource taxation.

"These can hardly have encouraged investments. Despite such events I feel Canada still ranks as a leading contender for mining investment," Mr. Upham contended.

But the assembling of investment "will only be possible if the industry itself is permitted to reinvest a sufficient proportion of its gross income in ongoing development and earn a reasonable rate of return," calling on the new Conservative Government to recognise the contribution the mining industry is able to make to the Canadian economy, Mr. Upham said that taxation remains of fundamental

importance to any Government wishing to take advantage of the potential this industry has to offer.

Brazil's \$110m iron ore plant

A \$110m (£53.5m) Brazilian-Spanish joint venture, Hispanobras, destined to produce 3m tonnes of iron ore pellets a year was officially inaugurated yesterday in the area of Brazil's Tubarao Port, Espirito Santo state.

Brazil's state-run mining conglomerate, Companhia Vale Do Rio Doce, holds 50.66 per cent of the venture while 49.11 per cent is owned by Eusidesa—Empresa Nacional Siderurgica—of Spain.

Initially, Eusidesa will absorb 60 per cent of Hispanobras's annual output, affording Brazil annual export revenue of \$75m. Thereafter, as Spain increases its steel-making capacity, the Spanish quota will increase. When Spain produces 11m tonnes of steel a year, Eusidesa will absorb all the Hispanobras output.

Companhia Vale Do Rio Doce, which has been building up its pelletising capacity in recent years, has a similar joint venture with Japanese steel interests, also in Espirito Santo state. It is currently exploring the possibility of pelletising associations with several Third World countries.

RCM debt load dims profits

ZAMBIA'S State-owned copper group, Roan Consolidated Mines (RCM) yesterday announced a net profit of Kwacha 22.8m in the third quarter ended March 31, 1979, bringing net profit for the nine months to Kwacha 41.1m (£25.1m), compared with losses of Kwacha 6.2m and Kwacha 22.5m in the corresponding periods of the previous year, reports Michael Holman from Lusaka.

But during the third quarter there was a fall in production owing to the loss of skilled manpower and shortages of essential spare parts because of inadequate foreign exchange allocations.

Although the availability of spares is improving, the loss of skilled personnel continues. "Mine production will continue to decline until such time as the employment of skilled personnel can be increased," a spokesman warned.

Finished copper production for the quarter and nine months was 65,425 tonnes and 205,571 tonnes respectively, compared with 71,561 tonnes and 199,309 tonnes in the same period of 1977-78. Sales of copper in the quarter ended March 31, 1979, were 93,080 tonnes, and 216,876 for the three quarters.

The level of the company's debt fell by Kwacha 25.5m to Kwacha 250.7m during the nine months ended March 31, 1979. No dividend has been declared for the third quarter. The shares in London yesterday were unchanged at 130p.

JIMBERLANA TO GO EXPLORING IN INDONESIA

Australia's Jimberlana Minerals intends to purchase a 70 per cent interest in an exploration area covering 97,000 hectares at Irian Jaya (West Irian), Indonesia. Apart from Freeport Sulphur, which is operating the big Grasberg copper mine, Jimberlana will be the only foreign company with a right to explore in Irian Jaya.

The area to be prospected is near Anggi Lakes and extends to the coast in the north-western section of Irian Jaya. It was previously examined by Dutch Government teams between 1959 and 1961 at a cost in today's terms of about U.S.\$4m (£1.96m).

PHOENIX ASSURANCE COMPANY LIMITED

Estimated results for the three months to 31st March 1979

The following are the estimated and unaudited results of the Phoenix group of companies for the three months ended 31st March, 1979 with the comparative figures for the corresponding period in 1978 and actual results for the full year 1978.

	3 months to 31.3.79	3 months to 31.3.78	Year 1978
	£m	£m	£m
Net premiums written: General (fire, accident, marine and aviation)	91.5	86.7	337.6
Investment income	11.5	9.8	39.5
Underwriting profit			
General	-6.4	-2.9	-2.7
Long-term	0.5	0.4	2.2
Less expenses not charged to other accounts	5.6	7.3	39.0
Profit before taxation	0.4	0.3	1.4
Less: Taxation	5.2	7.0	37.6
Minority interests	1.5	2.3	11.9
Minority interests	0.8	0.7	2.8
Net profit	2.9	4.0	22.9
Earnings per share	4.8p	6.7p	38.0p

Overseas currency transactions have been converted at rates of exchange appropriate to the periods in question. In converting US dollar transactions for the 3 months to 31st March, 1979 a rate of \$2.07 has been used (\$1.87 for the 3 months to 31st March, 1978 and \$2.04 for the year 1978).

NEW LONG-TERM BUSINESS

	3 months to 31.3.79	3 months to 31.3.78	Year 1978
	£m	£m	£m
New sums assured	391	260	1,722
New annuities	3.9	2.7	17.1
New annual premiums	3.4	2.7	15.2
New single premiums	6.7	6.3	21.0

Chairman's Comments

At the annual general meeting of the company held yesterday, Mr. Jocelyn Hambro, Chairman, included in his remarks the following comments on the results for the three months ended 31st March, 1979.

"Premium income and other figures were again affected by currency fluctuations. General premiums written showed an increase of 5% compared with the first quarter of 1978 or approximately 12% after adjustment for currency fluctuations. Investment income is 17% higher and, after similar adjustment, approximately 22%. The net profit of £2.9 million compares with £4.0 million as published at the same stage last year or approximately £3.7 million after adjustment.

"The general business underwriting loss has increased from £2.9 million to £6.4 million. The deterioration was due to the severe winter in the United Kingdom, Europe and Canada. An increased number of motor and household claims contributed to a home fire and accident underwriting loss of £4.4 million compared with £3.0 million for the first quarter of 1978.

"The United States was marginally profitable with an operating ratio of 97.9 as against 96.5 for the corresponding period of 1978."

"The Chairman went on to say: "We always emphasise that one quarter's results cannot be taken as a reliable guide to results for the full year. This is particularly relevant on this occasion. The first quarter is behind us. Although the second quarter's United States results will be affected by tornado losses in Texas, we are looking forward to a more normal pattern of trading during the balance of the year."



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Greengarden House, St. Christopher's Place, London W1M 5HD. Tel: 01-486 2771 (from June 1979 01-486 8361)



Sales Now Exceed £1,000 Million

RESULTS FOR THE YEAR TO 31ST MARCH, 1979

	Year ended 31st March 1979	Comparative figures of previous year	% Change
	£m	£m	
Sales	1,052.0	883.8	+19.1
Trading profit	109.8	102.9	+6.7
Income from short-term investments	9.1	7.0	
Interest paid	(3.6)	(2.3)	
Exchange loss on net current assets of overseas subsidiaries	(2.3)	(.8)	
Profit before taxation	113.0	107.0	+5.6
Taxation	35.6	33.3	
Profit after taxation	77.4	73.7	
Attributable to minority interests	5	7	
Profit attributable to shareholders before extraordinary item	76.9	73.0	
Extraordinary item	3		
Profit attributable to shareholders after extraordinary item	76.6	73.0	
Dividends			
Excess provision relating to 1977 third interim		(.1)	
Interim paid of 2.5p per share	8.9	3.8	
Final proposed of 3.5p per share (1978 second and third interim)	12.5	6.9	
Profit retained	55.2	62.4	
Earnings per share	21.6p	20.5p	

**DEFERRED TAXATION**  
In accordance with the new U.K. statement of standard accounting practice no provision has been made for deferred taxation allowances, stock appreciation relief and other timing differences to the extent that such liabilities are not expected to arise for a considerable period. The effect is that the taxation charge is reduced to an effective rate of about 31% of declared profits, and the comparative figure for last year has been adjusted likewise. Deferred taxation provided in previous years of £28.6m has been transferred to reserves.

**RESULTS**  
● The final dividend of 3.5p per share will be paid on 19th July 1979 to shareholders on the register as at 15th June 1979. H.M. Treasury has indicated that formal consent will be given for the payment of this dividend.

● U.K. retail sales, excluding VAT, increased by 15.4% of which about 61% represented volume growth. The levels of sales in the last quarter were severely hit by the weather and the transport strike, and many lost sales were not regained later.

● World-wide sales, retail and industrial together, increased by 19% but net margins at home and overseas were slightly reduced by inflationary pressures, from cost and wage increases in tight market conditions.

● As a result the outturn of trading was disappointing and the satisfactory results expected were not achieved.

● The Directors expect a rather better out-turn in the present year. There will be difficulties from the recent substantial increases in labour costs and raw material prices but we hope that Government measures will produce a greater degree of price stability by tackling the underlying causes of wage and price inflation.

● We are continuing with our capital investment programme in order further to develop our retail and industrial operations at home and overseas.

Percentage of Turnover: UK and Europe 32%



America 4%



Mr. J. P. Sowden, Chairman, reports:

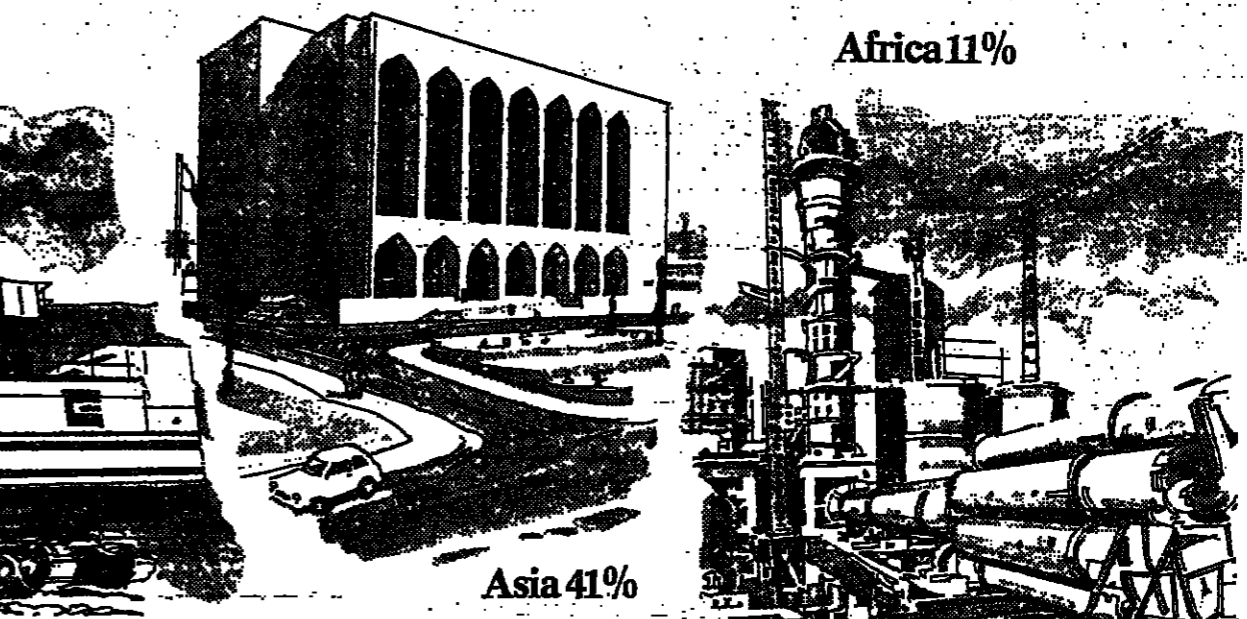
New record turnover  
New record profit

- Dividend for 1978 again thirteen times covered.
- Dividend for 1979 to be not less than 6p per share.
- International turnover accounts for 70% of total.

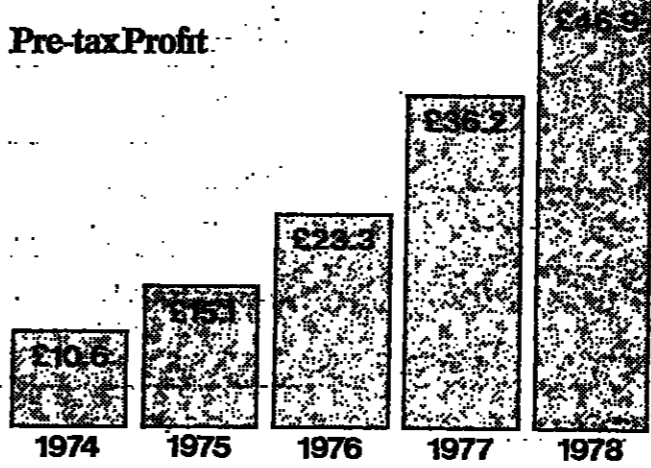


Britain's leading international construction group

Copies of the Report and Accounts may be obtained from the Secretary, Costain Group Limited, 111 Westminster Bridge Road, London SE1 7UE.

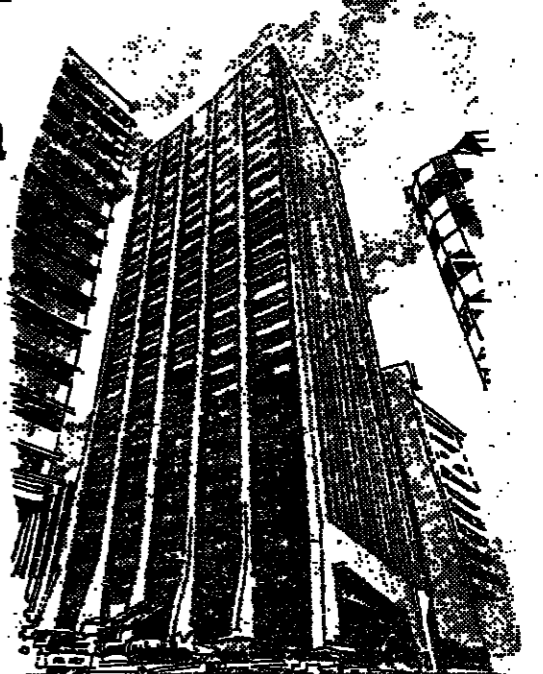


COSTAIN profits from worldwide strength



Financial Summary

	1978	1977	Increase
	£'000	£'000	
Turnover	509,000	432,000	+18%
Pre-tax profit	46,942	36,212	+30%
Profit after tax and minorities	22,042	16,698	
Earnings per share	39.6p	30.0p	+32%
Dividend per share	3.0457p	2.3058p	



- Cash at bank £89 million.
- Active search for new businesses.
- Intense competition in many markets but out-turn for current year as good as 1978.





INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Woolworth income dips as takeover battle heats up

By JOHN WYLES IN NEW YORK

F. W. WOOLWORTH, the focus of a complex takeover battle involving two Canadian holding companies, has maintained its 1978 profits growth although first quarter 1979 net income was sharply affected by the strength of the British pound.

Losses charged against first quarter earnings will be recovered, said Mr. Edward F. Gibbon, Woolworth's chairman. He reported that while there was a significant increase in first quarter operating income from all consolidated companies, the greatest improvements occurred in domestic U.S. operations, where sales increased by 12.6 per cent.

Earlier this month, Eder acquired a 31 per cent stake in Brascan. But it has been reported that Eder is now venturing to move this stock by a temporary injunction secured in New York by Brascan. A decision on whether to continue this injunction could be issued by Judge Leval in the next few days.

Hoover embarks on bid defence

By OUR NEW YORK CORRESPONDENT

HOOPER COMPANY has embarked on a classical defence against unwelcome takeover moves by Fuqua Industries by launching legal action and triggering a search for a more acceptable buyer of the company.

Members were incomplete, inadequate, and raised serious legal questions. It is based on the view that Fuqua's proposals and related actions raised "serious questions" under federal securities laws and Ohio and Delaware state takeover regulations.

Investment bankers to explore as promptly as practical "other financial alternatives available to the company and its shareholders, including the possible sale of the company."

Amax buys stake in Adobe Oil

By STEWART FLEMMING IN NEW YORK

AMAX, a leading U.S. natural resources company with interests in coal, copper, iron and aluminium, has agreed in principle to buy 1.4m shares worth \$39.2m in Adobe Oil and Gas.

The seller of the stock, equivalent to around 20.6 per cent of Adobe common, is Flintkote Company.

Amax revealed that it has also acquired the right to buy a further 600,000 Adobe shares which Flintkote has a right to acquire from Adobe.

U.S. MOTOR INDUSTRY

Energy crisis boosts small cars

By JOHN WYLES IN NEW YORK

AMERICAN BUSINESS has long assumed that the peaks and troughs of the business cycle are as inevitable as the sun rising. While the impact varies from industry to industry, no collection of manufacturers is more accustomed to an undulating sales graph than the auto companies, where it is a standard wall decoration.

The only marked difference between the two periods is that, so far this year, overall sales have held up rather better than they did in 1974, when they had slumped 20 per cent by May. Thus, the 3.2m cars sold by General Motors, Ford and American Motors dealers combined by May 20 this year, was only 3.4 per cent lower than total sales in the same period last year.

Because it lacks a big selling small model, although its sales of its controversial Pinto model have picked up in the current preoccupation with fuel economy. The corollary of the consumer's appetite for small cars has been a lack of interest in the larger more fuel hungry models, which are now crowding out many a dealer's showroom.

As a result GM's grip of the market for domestically produced cars has risen from 55.9 per cent to 59.3 per cent. This is a huge swing in a very short period and potentially very profitable, since a 1 per cent increase in market share can be worth about \$700m a year in extra sales revenue.

Foreign cars took a record 22.5 per cent of the market in March and then set a new record with 22.7 per cent in April. Toyota, the leading importer has shown the slimmest gain with 2.3 per cent increase in retail sales to 153,869 by the end of April. Datsun gained 23.2 per cent to 150,078. Honda was up 35 per cent to 128,152.

Optimism at Corco

By FRANCIS GHILLES

SAN JUAN - Commonwealth Oil Refining (Corco), the financially troubled oil company "has every expectation of emerging from bankruptcy within the next 12 months," Mr. Howard Hardesty Jr., chairman, president and chief executive, said yesterday, at the first shareholders' meeting for two years.

INTERNATIONAL CAPITAL MARKETS

Dollar Eurobond issues firm

By FRANCIS GHILLES

THE BRAZILIAN state controlled Banco Nacional do Desenvolvimento Economico is arranging a \$50m ten-year floating rate note issue through European Banking Company. The borrower is paying a coupon of 3 per cent over the three-month London interbank rate with a minimum interest rate of six per cent.

OECD debt forecast

By FRANCIS GHILLES

PARIS - The external debt of non-oil developing nations is expected to increase by 15 per cent this year to \$274bn from \$238bn in 1978, and their debt service by 17 per cent to \$40bn from \$34bn.

Fine terms for Greek financing

By ROSEMARY BURR

THE FIERCELY fought contest for the mandate for the \$125m fund raising by the Public Power Corporation of Greece has been won by Midland Bank and S. G. Warburg.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published in the second Monday of each month.

Table with columns: IS. DOLLAR, OTHER STRAIGHTS, CONVERTIBLE BONDS, ISS. FRANCS, and S. STRAIGHTS. Each column contains a list of bond issues with their respective terms, yields, and prices.

\$1m loss for Gamble-Skogmo

By Our Financial Staff

GAMBLE-SKOGMO, the retail and mail order group, has turned in a loss of \$983,000 for the first quarter of this year, compared with a profit of \$1m in the comparable period.

U.S. QUARTERLIES

ALLIED STORES

Table showing quarterly financial data for Allied Stores, Carter Hawley Hale Stores, Dayton Hudson, and Marshall Field.

U.S. QUARTERLIES

MERCANTILE STORES

Table showing quarterly financial data for Mercantile Stores and Southern Company.

Advertisement for BRISA AUTO-ESTRADAS DE PORTUGAL, S.A.R.L. featuring a large logo and text: 'US \$50,000,000 MEDIUM TERM LOAN guaranteed by BANCO FONSECAS & BURNAY and BANCO TOTTA & ACORES'. It lists various banks as agents and managers.



Hitachi shows advance despite yen fluctuations

BY YOKO SHIBATA IN TOKYO

HITACHI—Japan's largest and only diversified, electric and electronic equipment manufacturer—has reported a strong rise in earnings for the year March. Business during the year was coloured by the wild fluctuations in the yen exchange rate. However, the company, at present company level, achieved record operating profits of ¥1,980bn (\$373m), up 25 per cent on net profits of ¥1,540bn, 19 per cent on record sales of ¥1,599bn, up 9 per cent—passing the original estimates for the year.

Wide power sought in Santos Bill

By James Forth in Sydney

THE PROPOSED legislation by the South Australian Government to limit the size of shareholdings in the natural gas project, Santos, contains even stronger powers than had been expected. The Bill was introduced yesterday by the SA Minister for Mines and Energy, Mr. Hugh Hudson, at a special sitting of the State Parliament.

Right to veto

If passed, the legislation will give the State Government the right to veto any decision by a future Santos board which it considered "contrary to the public interest." The Lower House adjourned after the Bill had been introduced, and will sit again tomorrow to consider its passing. The Bill is expected to go to the upper house early next week. Yesterday morning Mr. Bond, who over the past week or so has made a number of alternative proposals to the SA Government, which were all rejected, issued statements in several major newspapers in a bid for public support.

JAPANESE COMPANY RESULTS FOR YEAR TO MARCH 31

Table with columns: Company, Business, Net profits (1978 Ybn, 1979 Ybn), Sales (1978 Ybn, 1979 Ybn). Includes companies like Hitachi, Fuji Electric, etc.

Haw Par sees profit this year

SINGAPORE—Haw Par International forecasts group pre-tax profit of at least \$86m (US\$ 2.72m) for this year compared with a loss of \$12m in 1978.

Under the terms of an agreement with some Setron shareholders and a general offer on the same terms, Haw Par would acquire the whole of the outstanding share capital of Setron for a consideration of 80 cents cash plus one share of Haw Par, underwritten at \$1.60 for each share of Setron.

Singapore, Malaysia and Indonesia, raised its issued capital to \$817.85m from \$810.2m by a one-for-four bonus issue and a one-for-two rights issue in February.

OCBC forecasts increase in earnings

SINGAPORE—Overseas Banking Corporation (OCBC) has announced that its earnings for the year should be higher than last year.

Under the terms of an agreement with some Setron shareholders and a general offer on the same terms, Haw Par would acquire the whole of the outstanding share capital of Setron for a consideration of 80 cents cash plus one share of Haw Par, underwritten at \$1.60 for each share of Setron.

It reported a pre-tax profit of \$35.43m and net profit of \$29.96m for 1978 against \$34.19m and \$31.81m for 1977.

Chemical Company of Malaysia ahead

KUALA LUMPUR—The Chemical Company of Malaysia (CCM) has reported a 60 per cent increase in profits for the first quarter of 1979.

that net proceeds of the rights issue after deducting expenses would be about \$881.25m.

Mr. Hudson yesterday questioned the SA Parliament the standing of Bond Corporation, of which Mr. Bond is the chief executive. "The Bond Corporation does not have the financial wherewithal, the managerial competence (if one examines the record) or the knowledge of hydrocarbons to be in control of the relevant energy project, particularly one that is vital to the future of South Australia," Mr. Hudson said.

PROBUSSA US \$ 3,000,000 MEDIUM TERM LOAN provided by BANCO DE MADRID guaranteed by BANCA MAS SARDA April 1979

Nippon Oil income to decline TOKYO—Nippon Oil Company said it hopes sales will reach ¥870bn (\$4.01bn) in the first half of 1979 up from ¥747.2bn in the same 1978 period, but did not forecast net profit.

Record results for Mitsubishi TOKYO—Mitsubishi Electric Corporation said it expects after-tax profit in the year ending next March to rise to about ¥21bn from a record ¥14.50bn last year, on sales rising to about ¥1,020bn from a record ¥934.71bn.

APPOINTMENTS

British Home Stores executive changes

Mr. A. C. S. Hawes, an executive director of BRITISH HOME STORES, has been appointed an assistant managing director. Mr. R. C. E. Mackenzie, deputy chairman, is to retire from the board after the annual meeting on June 27.

THE SEIYU STORES, LTD. Tokyo DM 100,000,000 5 1/2% Convertible Bonds due 1985. Includes list of banks and financial institutions.

# The jet airliner battle hots up

BY MICHAEL DONNE, Aerospace Correspondent

BOEING OF THE U.S., the biggest jet airliner builder in the world, is raising the rate of production of its existing family of jets from 24 to 28 jets a month by the autumn of this year.

Nothing could demonstrate more clearly the current unprecedented demand for new airliners—the "re-equipment tide" that is now flowing through the world's airlines. This tide—stemming from the need to replace existing ageing, noisy and fuel-inefficient airliners and to provide additional capacity to meet anticipated traffic growth in the 1980s—added 700 new jets to the world commercial fleet last year. So far this year it has added over 300 more.

For the period up to 1988, Boeing sees a total world airliner requirement of more than 3,500 jets, in all categories, worth about \$79bn (close to £40bn). Of this market, it forecasts about \$17bn going on short-range jets, about \$29bn on medium-range aircraft, and about \$30bn on long-range aircraft, with all-cargo types accounting for some \$3bn.

Much of this world demand will continue to be concentrated in the existing jet transport range—the short-range 737, the medium-range 727 and the long-range 747 Jumbo from Boeing itself, together with the short-range DC-9 from McDonnell Douglas, the latter's tri-jet medium-to-long-range DC-10, and models of the Lockheed TriStar.

But Boeing is also putting heavy emphasis on its new family of short-to-medium haul jets—the 200-plus passenger 767, a semi-wide-bodied twin-engine jet, and the smaller, 177-plus seat 757, also twin-engine, which uses the new Rolls-Royce RB-211 Dash 535 engine.

At the same time, however, the competition has taken a dramatic turn in recent months with the astonishing success of the European A-300 twin-engine 250-seat Airbus, which has swept through world short-to-medium range markets, and to a lesser extent with the success of its more recent companion, the smaller 200-seat A-310 version.

Part of the success of the A-300 can be attributed to the fact that it is available much sooner than either of the new Boeing ventures (the A-300 has in fact been around for some years), but it is nevertheless achieving sales that Boeing undoubtedly would have liked to win.

The A-300's delivery dates, for orders placed now, are set for 1980 and beyond, whereas the 767 will not be available until the autumn of 1983. For the A-310 and 757, however, the battle is more evenly matched, with delivery dates in 1983 and beyond.

Various other factors are probably contributing to the Airbus success story. One is that airlines, concerned over soaring fuel costs, may be taking re-equipment decisions on new, more fuel-efficient airliners sooner than they might otherwise have done.

The Airbus has now amassed a considerable quantity of economic and other operational data in service, so that new customers are in no doubt as to how it performs on the routes, whereas so far as the Boeing 757 and 767 are concerned they have to rely on Boeing's "brochure claims"—which, even allowing for that company's massive reputation, are no substitute for precise data emerging from direct operational experience.

## Airbus success

Furthermore, it is also unlikely that Airbus Industrie, in its determination to establish a major customer base for its aircraft world-wide, is being extremely competitive in financing terms, with loans readily available from French and West German banks, underwritten by the French and West German Governments.

That a major battle is now taking place in world short-to-medium range airliner markets is undeniable, and the prizes are immense, not just in monetary terms but also in locking up customer airlines for the rest of this century. Boeing remains

calm in the face of the Airbus Industrie onslaught, but there is no doubt whatsoever that it has been shaken by the speed with which the European group has snatched many markets it hoped to win for the 767 and 757.

For example, nearly every major scheduled airline in Western Europe is now an A-300 buyer, and is not therefore likely to opt also for the 767, while some of them (such as Air France, Lufthansa and Swissair) are also buying the A-310, and are not therefore interested in the 757. Sabena has yet to decide, but the biggest exception is British Airways which has firmly committed itself to the 757 with the RB-211-535 engines. BA says it is not interested in the Airbus, at least for the immediate future, although there are some who believe it may eventually buy some A-300s.

So far, against total orders for 345 Airbus (238 A-300s and 107 A-310s, including options), Boeing has logged firm orders for 84 of the 767s, with options on another 81, and 40 of the 757s, with options on another 24, an overall total of 229 aircraft. The balance in the struggle for orders appears to be leaning in favour of the Airbus, but it must also be borne in mind that the A-300 has been available for some time, although it is none the less a "new generation" airliner, with quieter engines and improved fuel consumption.

It must also be stressed that while Boeing has lost many possible orders in Europe and in Asia to Airbus Industrie, the latter's original hopes of big orders in the U.S. have yet to be fulfilled. Apart from the original order for A-300s from Eastern Air Lines, with some options on the A-310, no other major U.S. airline has yet ordered the Airbus in either version. Similarly, however, no one, other than British Airways, outside the U.S. has ordered either the 767 or 757.

On that basis, the battle in the short-to-medium range market is wide open, and it is

anyone's fight. Boeing estimates that, notwithstanding Airbus Industrie's success, its own share of the new short-to-medium range market up to the late 1980s could reach as many as 2,000 aircraft, divided between the 757 and 767.

Its long-term confidence is indicated by its intention to build five 757s a month initially (by first delivery date in 1983), rising to 12 a month by 1985, and then perhaps further to 16 a month by the late 1980s, depending on demand. Initial 767 output will be 8 a month by 1983. By then, demand for existing jets, such as 737s and 727s, may have slackened off, but because these are much smaller (the 737 is a 130 seater and the 727 up to about 140) they are likely to be bought alongside the bigger 757 and 767 for some years to come.

## New programme

Indeed, Boeing is also thinking now in terms of updating the 737 and 727 to meet changing world airline requirements in the mid to late 1980s, and to counter any possible emergence of a 150 to 160 seater "new generation" jet from the Airbus Industrie consortium in Europe. With orders for 695 737s and 1,664 727s already won, Boeing is not going to stand idly by and see Airbus Industrie move in on its territory.

Boeing has another new airliner programme, the 777, a medium-to-long-range, three-engine version of the 767, that would be capable of carrying up to 220 passengers over distances of 5,000 miles. Much design work has been done on this (and it could also use the Rolls-Royce RB-211-535 engine), but no commitment to build it will be taken until sufficient orders have been won to justify the investment.

At the same time, however, it could become involved in another programme of lesser magnitude, but nonetheless important, re-engining the 707 narrow-bodied long-range jet with a new power-plant, the Franco-U.S. (Sneema-General

Electric) CFM-56 of 22,000 lbs thrust and above. Boeing has been planning to test-fly a 707 with this engine later this year, but the competitive edge has now been sharpened by the decisions of several U.S. airlines—United, Delta and Flying Tiger—to re-engine some of their own ageing DC-8 long-range jets with the CFM-56, to give them up to another ten years or so of life.

If the battle in the airliner field is tough for the airframe makers, it is just as tough for the "big three" engine builders, Rolls-Royce, General Electric of the U.S., and Pratt and Whitney. Here, too, the battle lines already appear to be clarifying. Rolls-Royce has won a major foothold in the 757 market with its new Dash 535 version of the RB-211 engine, and it is also seeking markets on the bigger 767 with its Dash 524 RB-211.

But, so far, it is nowhere in sight on the European A-300 or A-310, and all the engine contracts on those airliners have been won by General Electric and Pratt and Whitney. There are many in the UK aerospace business who believe strongly that Rolls-Royce has made a fundamental mistake in not spending its own money on at least getting its RB-211 certificated on the A-300 (which would also open the way to getting it on the A-310 when that aircraft arrives). Whether that would open up a major new sales opportunity for Rolls-Royce is arguable, but at least it would be better than the present situation, where the company is getting nothing out of the A-300 success story. The company argues that it needs orders to justify the expenditure, but there is some doubt whether this is so—that in fact the orders will not come until the money has been spent.

Even on the 757, however, Rolls-Royce will not have an easy run. While its position as the "launch engine" is undeniably strong, the RB-211-535 will have to fight for orders against the rival General Electric CF6-32.

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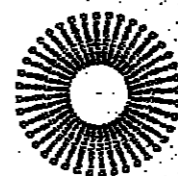
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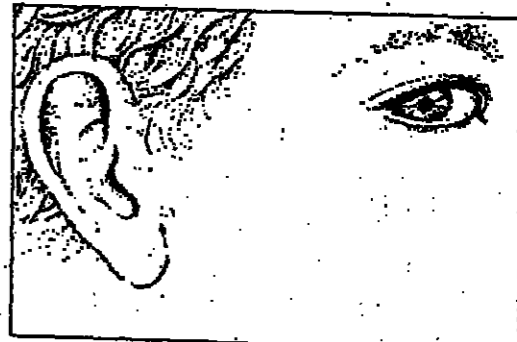
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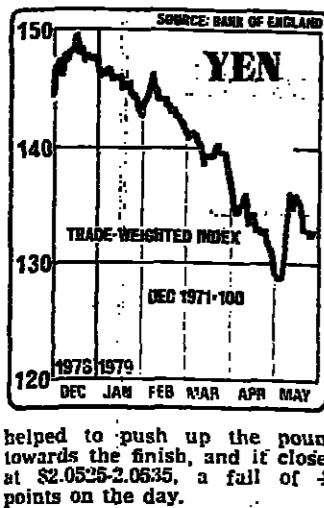


CURRENCIES, MONEY and GOLD

Sterling and dollar easier

Sterling and the dollar lost ground in very quiet foreign exchange trading yesterday...

FI 2.0835 from FI 2.0825 against the Dutch guilder; to BFR 30.75 from BFR 30.80 against the Belgian franc...



helped to push up the pound towards the finish, and it closed at \$2.0525-2.0535, a fall of 40 points on the day.

On Bank of England figures, the dollar's trade-weighted index fell to 86.6 from 86.8, while the dollar's depreciation, as calculated by Morgan Guaranty of New York, widened to 7.3 per cent from 7.1 per cent.

STERLING—In quiet interbank trading the dollar fell to L855.20 from L855.85 at yesterday's fixing. Sterling was unchanged at L1,750.20, and the Swiss franc fell to L482.85 from L482.70.

The dollar also declined in quiet late trading, falling to \$2.0525-2.0535, a fall of 40 points on the day.

THE POUND SPOT AND FORWARD

Table with columns: May 24, Day's spread, Close, One month, % p.a., Three months, % p.a.

THE DOLLAR SPOT AND FORWARD

Table with columns: May 24, Day's spread, Close, One month, % p.a., Three months, % p.a.

CURRENCY RATES

Table with columns: May 24, Bank rate, Spot, European Currency Unit, Note Rates.

OTHER MARKETS

Table with columns: May 24, Argentina, Australia, Brazil, Denmark, Finland, France, Germany, Greece, Hong Kong, India, Iran, Israel, Italy, Japan, Korea, Kuwait, Luxembourg, Malaysia, New Zealand, Norway, Portugal, Saudi Arabia, Singapore, South Africa, Sri Lanka, Switzerland, Taiwan, Thailand, Turkey, U.K., U.S., West Germany, Yugoslavia.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency amount, % change from central rate, % change from adjusted for divergence, Divergence from central rate.

EXCHANGE CROSS RATES

Table with columns: May 24, Pound Sterling, U.S. Dollar, Deutschmark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canada Dollar, Belgium Franc.

EURO-CURRENCY INTEREST RATES

Table with columns: May 24, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, West German Mark, French Franc, Italian Lira, Asian \$, Japanese Yen.

INTERNATIONAL MONEY MARKET

Treasury bill rates showed little change from Wednesday in early trading yesterday following the favourable reaction to the week's tender.

UK MONEY MARKET

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979). Day to day credit remained in short supply in the London market yesterday.

LONDON MONEY RATES

Table with columns: May 24, 1979, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, West German Mark, French Franc, Italian Lira, Asian \$, Japanese Yen.

GOLD

Gold rose \$1 to close at \$264.1-265 in quiet trading. It opened at \$263.25-263.50 and was fixed at \$263.75 in the morning and \$263.75 in the afternoon.

U.S. rates steady

Treasury bill rates showed little change from Wednesday in early trading yesterday following the favourable reaction to the week's tender.

Further shortage

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979). Day to day credit remained in short supply in the London market yesterday.

MONEY RATES

Table with columns: May 24, 1979, New York, Discount Rate, Overnight Rate, One month, Three months, Six months.

FINANCIAL HIGHLIGHTS

Table for First City National Bank of Houston, March 31, 1979 vs 1978. Financial Position (In Thousands): Total assets, Deposits, Loans, net, Shareholder's equity.

Table for First City Bancorporation of Texas, Inc., March 31, 1979 vs 1978. Financial Position (In Thousands): Total assets, Deposits, Loans, net, Shareholders' equity.

Table for Operating Results, March 31, 1979 vs 1978. Income before securities transactions, Per share, Net income, Per share.

London Branch, 99 Bishopsgate, 20th Floor, London EC2M 3BD. Telephone: (01) 625-4011. Telex: 883335. Fax: 625-4011.

First City National Bank of Houston logo and address information.

This announcement appears as a matter of record only. New Issue. March 27, 1979.

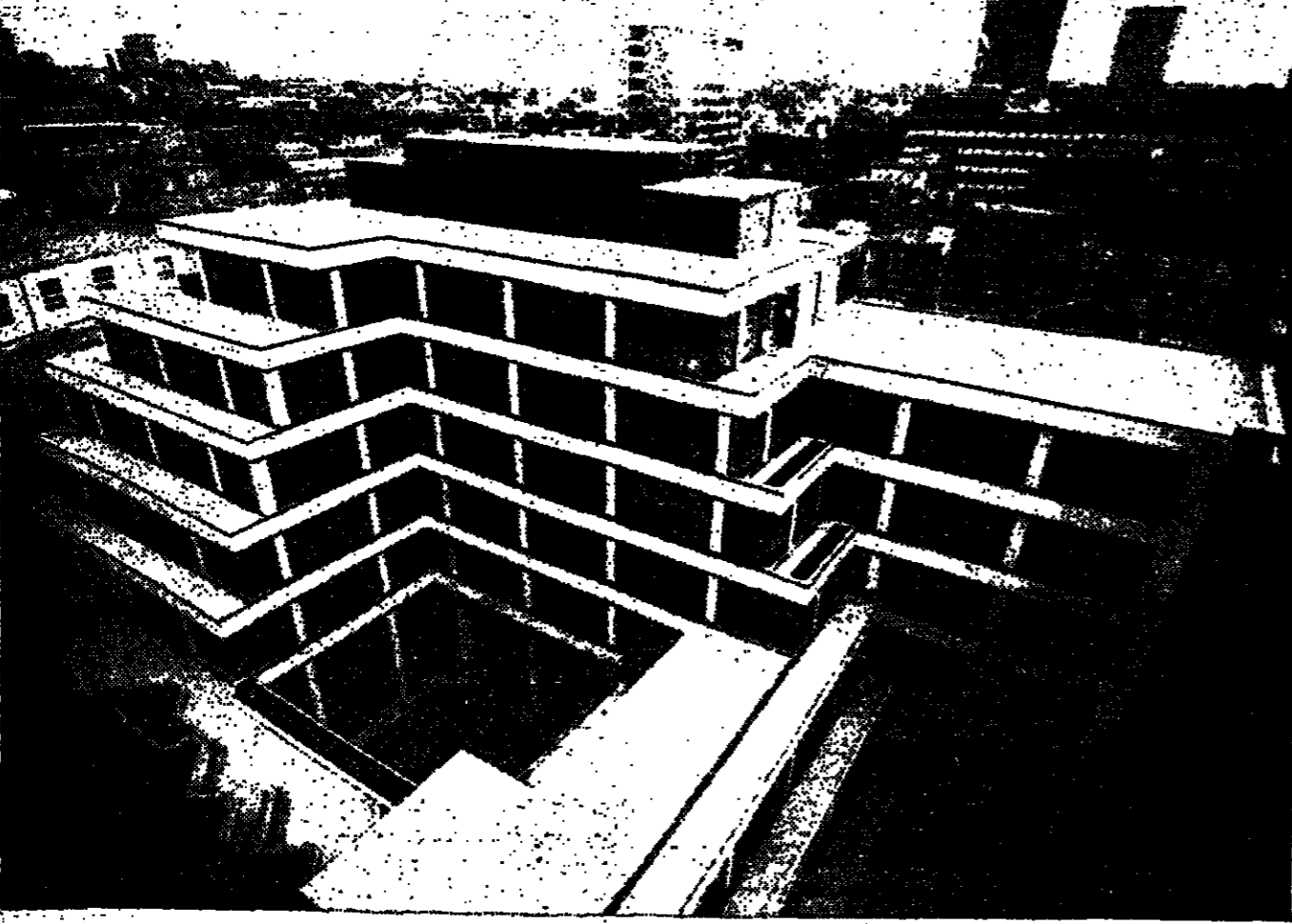
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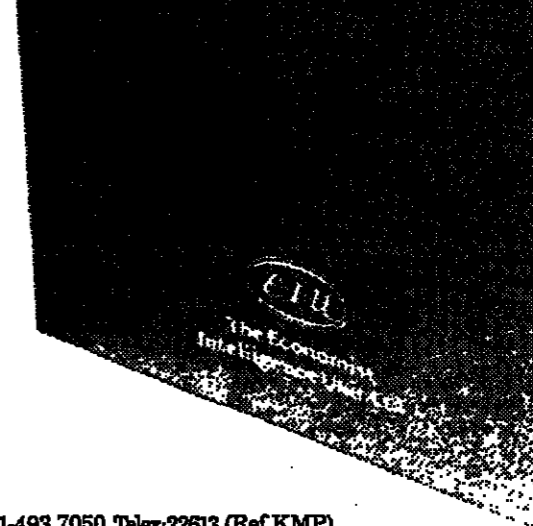
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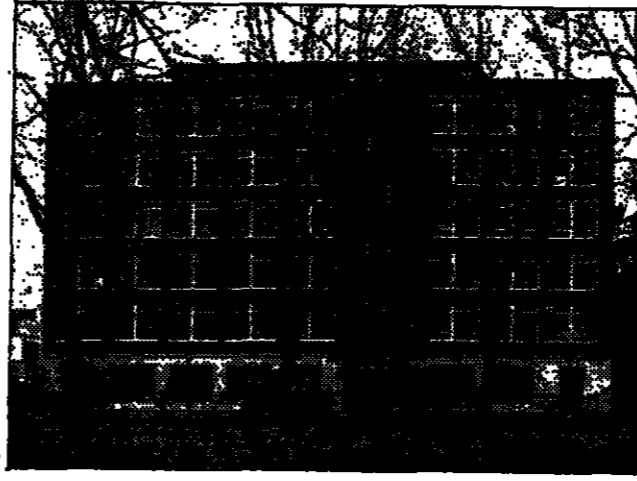


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### MAIDENHEAD, BERKS. (ADJOINING STATION)

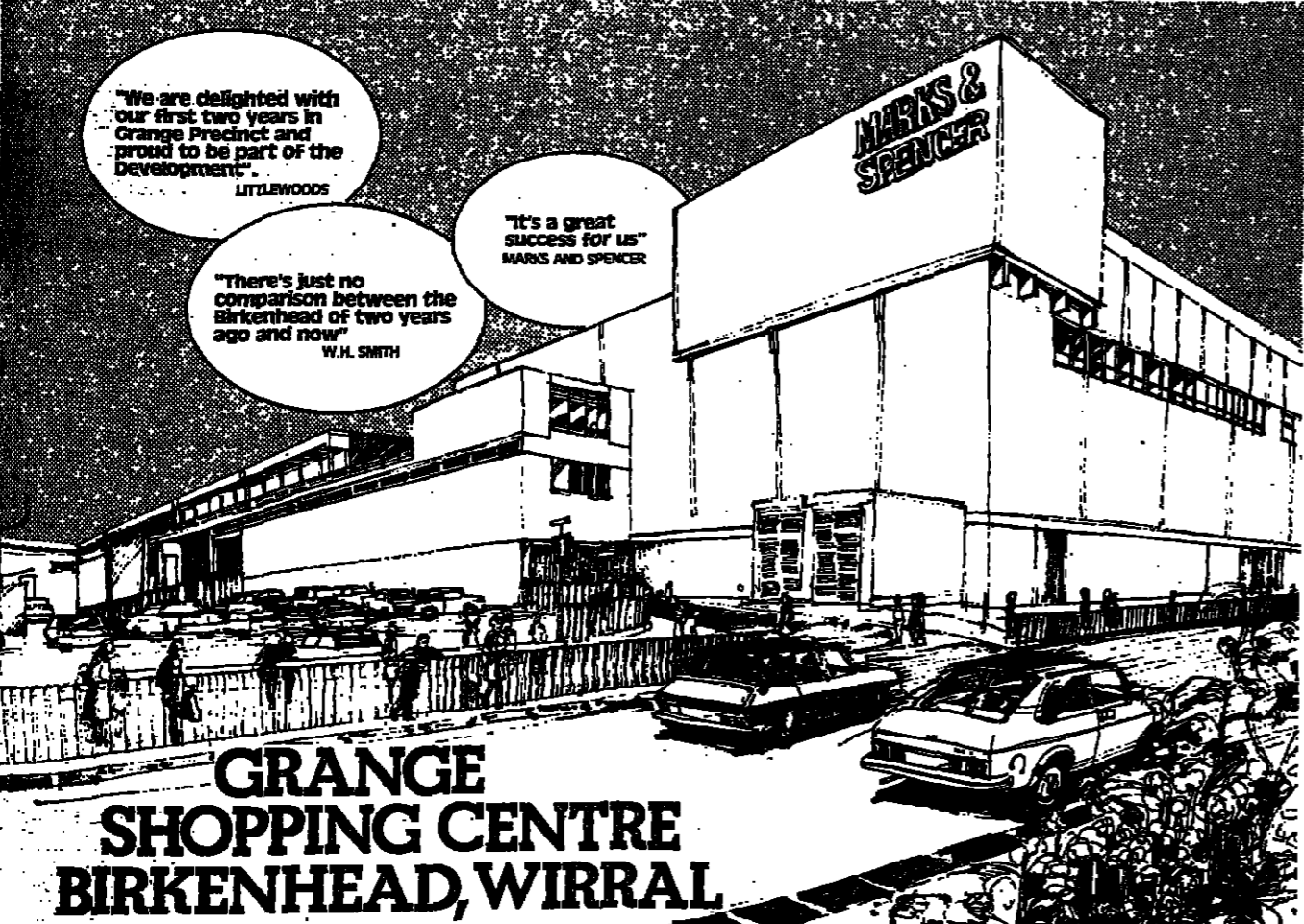
PROPOSED NEW FREEING OFFICE DEVELOPMENT

**24,500 SQUARE FEET**

- \* AIR CONDITIONING
- \* 74 CAR PARKING SPACES
- \* 1 1/4 MILES FROM M4

**TO LET**

Fletcher King & Megran 10-12 Old Broad Street, London EC2N 2DQ 01-574 7700 Goldstein Leigh 01-629 6373



## GRANGE SHOPPING CENTRE BIRKENHEAD, WIRRAL

### Now there's more room for satisfied customers

A proven success with traders and shoppers since its inception, Grange Shopping Centre is to be expanded. So great is the demand in this busy and thriving area, located right at the heart of commercial, industrial and residential Wirral, that further development is necessary. To meet the need, nearly four acres of land currently used as a car park is to provide a prime site for a business amongst the best, a superb opportunity now exists to develop in very good company indeed.

**LOCATION**  
Many of the larger national multiple stores are already represented in Birkenhead. The town has excellent road and rail links with Wirral peninsula - providing an immediate catchment population of 400,000 and a far greater potential throughout Merseyside, Cheshire and North Wales. The new shopping precinct, perfectly sited and landscaped with substantial car parking, is fully operational and has transformed the area into busy, bustling prosperity.

**PUBLIC TRANSPORT**  
The site is within a few hundred yards of the Merseyrail system, access to the Mersey Tunnel and the cross-river ferries to Liverpool and it is served by more than 40 bus routes.

**PARKING**  
Council policy is to ensure shoppers have car parking readily accessible to the retail areas, besides existing facilities, provision will be made for additional parking to cater for the increased traffic further development will bring.

**SERVICE AND ACCESS**  
Service roads to the existing shopping area are provided and to cater for new development a further common service road with right of access for traders is envisaged.

- The next-door neighbours.**
- Asda Stores
  - Boots (Chemists)
  - British Home Stores
  - Cordon Bleu Food Markets
  - John Collier Tailoring
  - Dixons Photographic
  - Harry Fenton
  - Granada TV Rental
  - Greenwoods (Hens Wear)
  - T.J. Hughes & Co.
  - Halfords
  - Lotus & Delta
  - Littlewoods Organisation
  - Marks & Spencer
  - McCarthy's
  - Richard Shops
  - Rumbelows
  - H. Samuel
  - W.J. Smith
  - Timmons
  - Woodwards etc., etc.

**Shopping around for a good store site stops right here**

Contact MR. CHRIS POE, Ext. 392  
Department of Development Estates Division,  
Metropolitan Borough of  
**WIRRAL**  
Brighton Street, Wallasey, Merseyside L44 6ED

**051-638 7070**

## Yes, please send details of factory units to let in Cwmbran!

Thinking of expansion or relocation? Look no further! Cwmbran New Town has immediately available factory units up to 10,000 square feet. It's an Intermediate Development Area so you may qualify for government grants and rent-free periods. Labour is plentiful and housing is ready now for key personnel. Life is good here. Golf, salmon fishing, the River Usk, Wye Valley and Brcon Beacons are all nearby.

Name: \_\_\_\_\_  
Position: \_\_\_\_\_  
Company: \_\_\_\_\_  
Address: \_\_\_\_\_  
Approx. space required: \_\_\_\_\_ sq. ft.

**Cwmbran**  
Garden City of Wales

Contact Alan Smith, Chief Estates Officer,  
Cwmbran Development Corporation,  
Cwmbran, Gwent NP41 1XZ.  
Telephone Cwmbran 67777.









LONDON STOCK EXCHANGE

Companies and Markets

Equities unsettled by disappointing figures from Boots and Beecham—30-share index falls 10.8 to 511.6

Steady for most of the day, the investment currency premium succumbed to some late institutional offerings before closing easier at 83 1/2 per cent. Yesterday's SE conversion factor was 0.7987 (0.7946).

Raybeck below best
Leading Stores closed dull and around their lowest levels since day with sentiment adversely affected by the poor annual results reported by Boots.

Beecham slump
The recent rally in the miscellaneous industrial leaders was reversed yesterday when both Beecham and Boots announced disappointing annual figures.

Oil shares turned easier, particularly Petroleum held steady for most of the day before occasional offerings prompted a reaction to 1,104 down 5, while Shell gave up 14 to 191p.

Quiet Mines
The closure of many overseas markets - including Johannesburg, Paris and Brussels - for the Ascension Day Holiday, and the lack of progress in the bullion price for most of the day left South African Golds little changed on balance.

Wednesday's speculative rise, adding 4 to a two-day gain of 23 at 306p.

Account Dealing Dates
Optimism
\*First Declared Last Account Dealings Dealing Dates
May 8 May 17 May 18 May 30
May 21 May 31 Jun 1 Jun 12
Jun 4 Jun 14 Jun 15 Jun 26

Sun Alliance lower
The chairman's warning in the annual report that underwriting results in 1979 would be bad unsettled Sun Alliance which dipped 12 to 580p.

Other major loss ground in sympathy and Glaxo sustained a fall of 22 to 465p and Unilever of 8 to 622p.

Despite annual results slightly below market estimates, Courtaidis rose to 112p following the announcement and holding 9 to 106p.

Oil shares turned easier, particularly Petroleum held steady for most of the day before occasional offerings prompted a reaction to 1,104 down 5, while Shell gave up 14 to 191p.

Among heavyweights losses of between 1 and a half-point were common to Harlebeck, 17p, West Driefontein, 24 1/2p, Free State Gold, 14 1/2p and Western Holdings, 11 1/2p.

Government stocks failed to take the previous day's rally any further. Short-dated issues were inclined harder initially, but the absence of support in the prevailing thin conditions saw prices drift lower to close with falls ranging to 1/2.

Other major loss ground in sympathy and Glaxo sustained a fall of 22 to 465p and Unilever of 8 to 622p.

Despite annual results slightly below market estimates, Courtaidis rose to 112p following the announcement and holding 9 to 106p.

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FINANCIAL TIMES STOCK INDICES
Table with columns for various indices: Government Secs, Fixed Interest, Industrial, Gold Mines, etc. and rows for May 24, 23, 22, 21, 18, 17, and a year ago.

HIGHS AND LOWS
Table with columns for High and Low prices for various stocks like Govt Secs, Fixed Int., Ind. Ord., Gold Mines, etc.

OPTIONS
Table with columns for DEALING DATES and Share Information Service.

NEW HIGHS AND LOWS FOR 1979
Table with columns for NEW HIGHS (37) and NEW LOWS (13) listing various companies and their stock prices.

A Year of Recovery Report and Accounts 1978
Carpets International
Turnover £m 115.46 110.67
Profit before taxation £m 4.48 1.32
Earnings per share pence 13.4 3.2
Dividend per share pence 5.0 1.6

LONDON TRADED OPTIONS
Table with columns for Option, Expiry, Closing price, Vol., etc. for various options.

RECENT ISSUES
EQUITIES
Table listing recent equity issues with columns for Issue Price, Amount, etc.

FIXED INTEREST STOCKS
Table listing fixed interest stocks with columns for Issue Price, Amount, etc.

"RIGHTS" OFFERS
Table listing rights offers with columns for Issue Price, Amount, etc.

FT-ACTUARIES SHARE INDICES
These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS
Table with columns for Index No., Day's Change, etc. for various equity groups.

FIXED INTEREST YIELDS
Table with columns for British Government, 1-5 years, etc. and rows for various yield categories.

INVEST IN 50,000 BETTER TOMORROWS!
50,000 people in the United Kingdom suffer from progressively paralyzing MULTIPLE SCLEROSIS—the cause and cure of which are still unknown—HELP US BRING THEM RELIEF AND HOPE.

Vertical text on the right edge of the page, possibly a page number or reference.



Handwritten scribble at the top of the page.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts and their performance metrics, including Abbey Unit Tr. Mgrs., Friends' Provid. Unit Tr. Mgrs., and others.

Table listing insurance and property bonds, including Abbey Life Assurance Co. Ltd., Crown Life Assurance, and others.

Table listing various financial services and trusts, including Prof. Portfolio Mgrs., Schlusinger Trust Mgrs., and others.

Table listing various financial services and trusts, including Tower Unit Trust Mgrs., Trades Union Unit Tr. Managers, and others.

Table listing various financial services and trusts, including Alexander Fund, Kaysor Unit Trust, and others.

Table listing various financial services and trusts, including Kemp-See Management, Kaysor Unit Trust, and others.

OFFSHORE AND OVERSEAS FUNDS

Table listing offshore and overseas funds, including Alexander Fund, Kaysor Unit Trust, and others.

Notes and disclaimers at the bottom of the page regarding the accuracy and use of the data.

HEALEY & BAKER SURVEYORS VALUERS AND AUCTIONEERS OF REAL ESTATE 01-629 9292

FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

BRITISH FUNDS

Table of British Funds with columns for Name, Price, and % Change.

Table of Five to Fifteen Years Treasury Bonds with columns for Maturity, Price, and % Change.

Table of Over Fifteen Years Treasury Bonds with columns for Maturity, Price, and % Change.

Table of Undated Treasury Bonds with columns for Price and % Change.

INTERNATIONAL BANK

Table of International Bank with columns for Name, Price, and % Change.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Price, and % Change.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans with columns for Name, Price, and % Change.

LOANS

Table of Loans with columns for Name, Price, and % Change.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Name, Price, and % Change.

BONDS & RAILS—Cont.

Table of Bonds & Rails with columns for Name, Price, and % Change.

AMERICANS

Table of American Stocks with columns for Name, Price, and % Change.

CANADIANS

Table of Canadian Stocks with columns for Name, Price, and % Change.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Name, Price, and % Change.

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Frankfurt Office: The Financial Times (Europe) Ltd, Frankfurterstrasse 68-72, 6000 Frankfurt-am-Main 1

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BANKS & HP—Continued

Table of Banks & HP with columns for Name, Price, and % Change.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Name, Price, and % Change.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Name, Price, and % Change.

HIRE PURCHASE, ETC.

Table of Hire Purchase, Etc. with columns for Name, Price, and % Change.

CHEMICALS, PLASTICS—Cont.

Table of Chemicals, Plastics with columns for Name, Price, and % Change.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Name, Price, and % Change.

ENGINEERING—Continued

Table of Engineering with columns for Name, Price, and % Change.

ELECTRICAL AND RADIO

Table of Electrical and Radio with columns for Name, Price, and % Change.

CHEMICALS, PLASTICS

Table of Chemicals, Plastics with columns for Name, Price, and % Change.

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools with columns for Name, Price, and % Change.

ENGINEERING—Continued

Table of Engineering with columns for Name, Price, and % Change.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Name, Price, and % Change.

INDUSTRIALS (Miscel)

Table of Industrials (Miscel) with columns for Name, Price, and % Change.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. with columns for Name, Price, and % Change.

Table of Food, Groceries, Etc. with columns for Name, Price, and % Change.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Name, Price, and % Change.

INDUSTRIALS (Miscel)

Table of Industrials (Miscel) with columns for Name, Price, and % Change.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. with columns for Name, Price, and % Change.

Handwritten note: 01/11/1979

J.P. Morgan 1.50

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Continued

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various industrial companies.

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various insurance companies.

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various property companies.

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various investment trusts.

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various finance and land companies.

DAIWA BANK logo and text: a fully integrated banking service. Head Office: Osaka, Japan.

MINES—Continued

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various Australian mines.

OILS

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various oil companies.

OVERSEAS TRADERS

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various overseas traders.

RUBBERS AND SISALS

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various rubber and sisal companies.

TEAS

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various tea companies.

SRI LANKA

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various Sri Lanka companies.

AFRICA

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various African companies.

CENTRAL RAND

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various Central Rand companies.

EASTERN RAND

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various Eastern Rand companies.

FAR WEST RAND

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various Far West Rand companies.

O.F.S.

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various O.F.S. companies.

FINANCE

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various finance companies.

DIAMOND AND PLATINUM

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various diamond and platinum companies.

INSURANCE

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various insurance companies.

PROPERTY

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various property companies.

TRUSTS, FINANCE, LAND

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various trusts, finance, and land companies.

FINANCE, LAND, etc.

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various finance, land, and other companies.

FINANCE

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various finance companies.

TINS

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various tin companies.

COPPER

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various copper companies.

MISCELLANEOUS

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various miscellaneous companies.

GOLDS EX-\$ PREMIUM

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various gold premium companies.

NOTES

Unless otherwise indicated, prices and bid offers are in pence... Notes on the listing of companies.

RECENT ISSUES

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £200 per annum for each security.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously... Regional market data.

OPTIONS

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various options.

DIAMOND AND PLATINUM

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various diamond and platinum options.

CENTRAL AFRICAN

Table with columns: Stock, Price, % Chg., Div. Yield, etc. Lists various Central African companies.

Union row over dispute tactics

BY NICK GARNETT, LABOUR STAFF

THE NATIONAL Union of Public Employees was accused yesterday by Britain's third biggest union of using contemptible tactics...

with getting the headlines than getting an agreement—more anxious to find a scapegoat than a settlement...

Callaghan backs EEC poll manifesto

By Elinor Goodman, Lobby Staff

A TESTY Mr. James Callaghan gave his general endorsement yesterday to his party's manifesto for the elections to the European Parliament...

Jackson admits 'window dressing'

BY ALAN PIKE, LABOUR CORRESPONDENT

MR. TOM JACKSON, general secretary of the Union of Post Office Workers, admitted yesterday that a productivity scheme which he recommended...

agreement was "little more than window dressing to persuade the Government that consolidation could take place..."



Barrow site for gas terminal

By Kevin Done and Maurice Samuelson

BRITISH GAS has chosen a site near Barrow-in-Furness, Cumbria, as the preferred place for an onshore terminal to receive gas from its \$500m Morecambe Field development in the Irish Sea...

Study says Rhodesia polls fair

BY MARTIN DICKSON

A CONSERVATIVE PARTY team of observers under Lord Boyd of Merton said yesterday that Rhodesia's internal settlement elections had been fairly conducted...

of an electoral roll does not invalidate the poll; and that on balance the "auxiliary forces" loyal to the black Salisbury politicians helped to counter guerrilla intimidation without replacing it with equal pressure in another direction...

Lloyd's groups in merger talks

BY JOHN MOORE

WIGHAM POLAND, the Lloyd's of London insurance broking group in which Sir James Goldsmith's Anglo Continental company holds a controlling stake...

1970, specialising principally in marine insurance. In its last financial year, ending May 31, 1978, it reported pre-tax profits of £1.74m...

Callaghan backs EEC poll manifesto

By Elinor Goodman, Lobby Staff

He said that the question of Britain's continued membership was not a real issue. He emphasised that he had been party to the manifesto's drafting and that what Labour was really offering the electorate was a constructive but critical approach to Europe...

Callaghan backs EEC poll manifesto

By Elinor Goodman, Lobby Staff

When he was first asked to appear on the platform beside three EEC opponents—Mr. Benn, Mr. Eric Lefer and Mrs. Barbara Castle—he said that he was not a wheelhorse to be wheeled out when it suited the party...

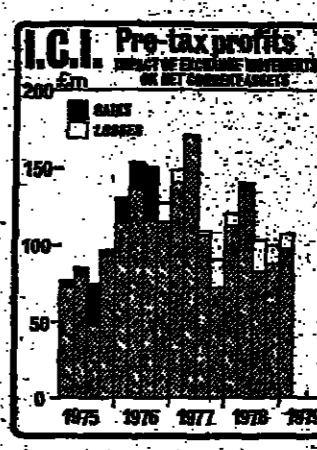
THE LEX COLUMN

Beecham slips off its pedestal

By Elinor Goodman, Lobby Staff

Beecham asked its shareholders to take a good deal of notice of the company's performance when it launched an 888m rights issue on the back of dull interim figures and an unimpressive dividend increase...

Index fell 10.8 to 511.6



But although the underlying trend has been gently improving for most of the past year, there are still two major uncertainties for the short term. One concerns the strength of sterling...

Weather

UK TODAY: SUNNY intervals, showers, local thunder. London, S.E. England, E. England, Cent. S. England, Midlands, Cent. N. England...

recovered) and claims that profits were reduced by about £20m. But while the stated figures do not look too bad the picture on a current cost basis is less impressive with profits diving from £57m to £12m...

Boots

Boots compounded an unhappy day for the pharmaceutical sector—already glutted after Fisons' profits warning earlier in the week—by undershooting the most pessimistic forecast with pre-tax profits up only 5.1 per cent at £113m in the year to March...

Japan prepares controls

Continued from Page 1

required for rebuilding stocks. The oil industry estimates demand at 73m kilolitres, while MITI says 91m kilolitres would be needed to achieve comfortable stocks...

Bigger spending cuts

Continued from Page 1

this year, possibly no more than £500m, with a bigger reduction in 1980-81. But it is now probable that the target for cuts is at least £1bn in 1979-80, apart from whatever can be raised from sale of public-sector assets...

Judge reserves decision on bank petition

JUDGMENT ON the Department of Trade's High Court petition for the compulsory winding-up of Kendal and Dent, the London "silver" bank, has been reserved. Deputy Judge Allan Heyman, QC, is expected to give his decision in June...

Domestic product down 0.9%

By David Freud

ECONOMIC ACTIVITY and manufacturing investment fell in the first quarter of this year, according to official figures released yesterday. However, the results were affected by the bad weather and industrial disputes of the winter...

Weather

UK TODAY: SUNNY intervals, showers, local thunder. London, S.E. England, E. England, Cent. S. England, Midlands, Cent. N. England...

Worldwide

Table with columns for location, temperature, and weather conditions for various global cities.



why add to the problem with water?

Now it is possible to fight fire automatically throughout industrial or warehouse premises with dry chemical powder. You can now have the advantages of: RAPID DETECTION, INSTANTANEOUS DISCHARGE, LOW COST PURCHASE, NO WATER DAMAGE, NO GASES AND SO NO EVACUATION DELAY...

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